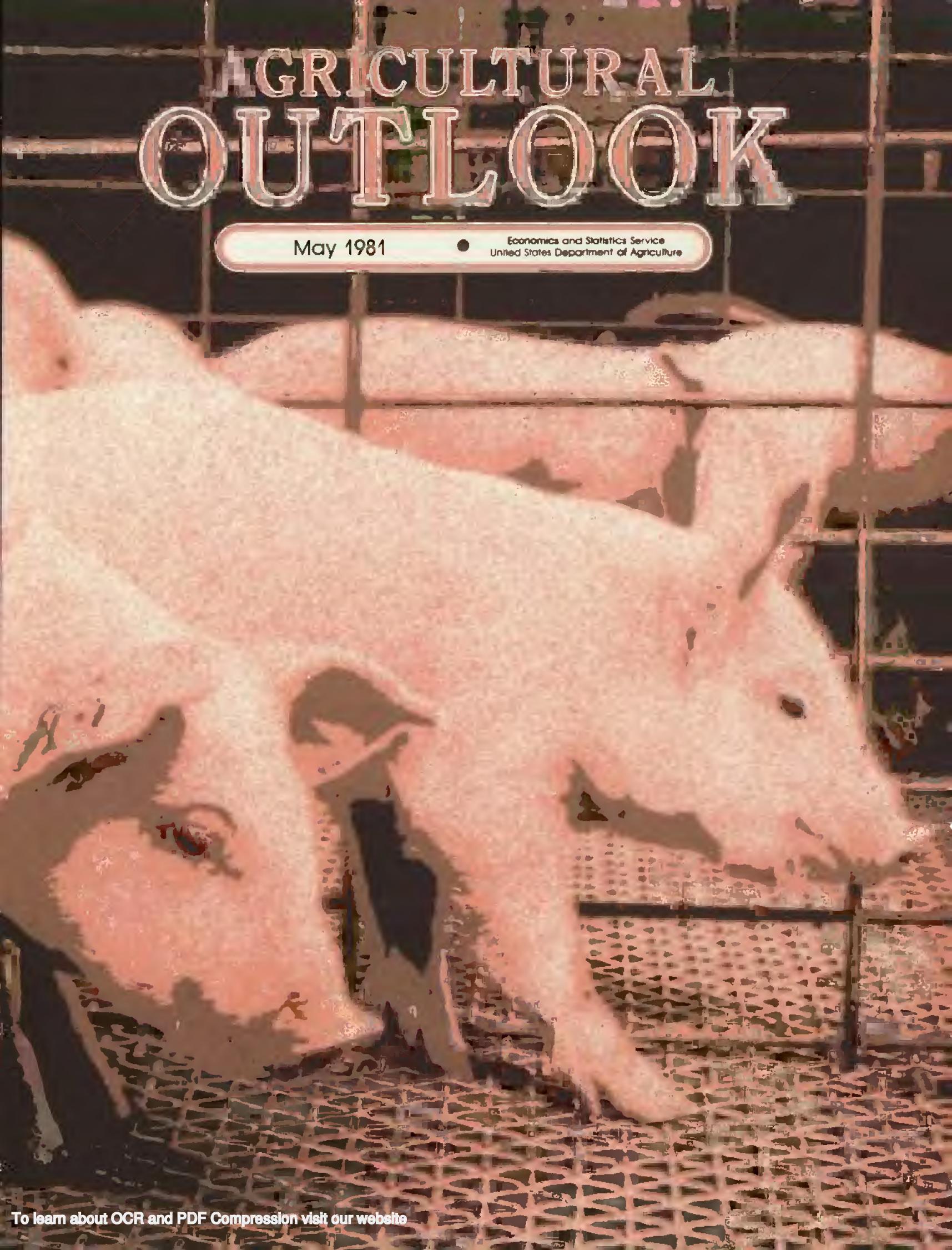


# AGRICULTURAL OUTLOOK

May 1981

Economics and Statistics Service  
United States Department of Agriculture



# AGRICULTURAL OUTLOOK

May 1981/AO-65



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This month's article analyzes the production and consumption situation in the world's major food-aid recipient nations . . . Apparently, food aid needs will be greater this year than in any of the last 5 years, but donations may be smaller than in 1980.

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Agricultural Outlook

## In

## Brief... News of Livestock Prices, Food Aid Needs, and the Energy Outlook

Drops in red meat supplies are bolstering meat and poultry prices following the large meat supplies and lower-than-expected prices of the winter quarter. Cattle prices are rising as production falls with the beginning of spring grazing and more current, lighter weight marketings from feedlots. Further, expected declines in pork production will contribute to higher prices for both cattle and hogs. Poultry production is increasing, but stronger red meat prices will raise broiler prices.

For low-income countries to maintain their food intake levels this year, food aid may have to be greater than in any of the last 5 years. Moreover, because of production shortfalls and financial problems in many East and West African countries, food needs are more pressing than a year ago.

After a mild, brief slowdown around mid-year, the economy will likely register a modest rebound in the second half. Factors indicating weakness in the economy are 1) slowed growth in labor usage, 2) consumer spending at likely unsustainable levels, 3) weakness in the housing sector, 4) a probable decline in net exports, and 5) an outlook of only modest increase in nonresidential fixed investment, particularly in the first half.



Food-industry charges for handling, processing, and retailing food products rose substantially in the first quarter. The farm-to-retail price spread, a measure of these charges, rose 4.6 percent from the previous quarter, accounting for all of the 1.9-percent increase in the retail cost of the market basket, a fixed basket of domestically produced farm foods.

Because of rising OPEC prices and deregulation of crude oil, domestic prices of petroleum products will likely climb 20 to 30 percent this year from 1980's average. The increases will probably raise variable costs of producing crops and livestock about 2 percent. On the bright side, however, shortfalls are unlikely, crude oil imports will probably decline for the third straight year, and gasoline consumption may significantly decrease nationwide.

Transportation regulation is now evolving from strict Federal control to more reliance on market forces. The Staggers Act of 1980 significantly altered rate-setting procedures for railroads, while two Interstate Commerce Commission (ICC) actions increased exemptions from economic regulation for trucks.

The 1980's will be a decade of critical adjustments in world agriculture. Demand will be growing at a record or near-record pace; production will slow because of resource and productivity constraints; and the world's dependence on the United States for agricultural supplies will increase. This outlook implies that some trends of the last 3 decades will be gradually reversed—in particular, the trend declines in real prices for agricultural products and the tendency for large commodity surpluses to accumulate. In this sense, the 1980's will be more like the turbulent middle and late 1970's than the relatively stable 1950's, 1960's, and early 1970's.



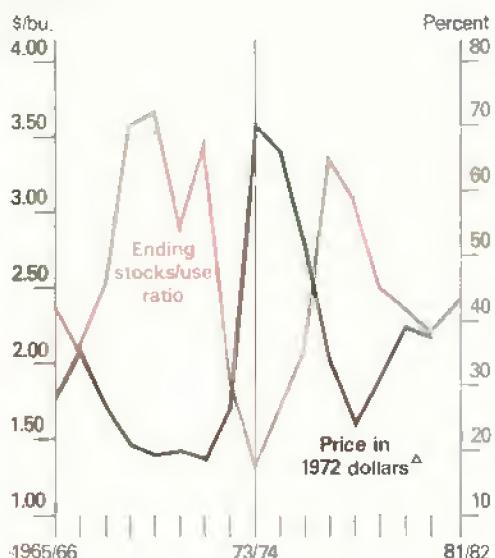
## Agricultural Economy

Drops in red meat supplies are bolstering spring prices of meat and poultry following the large supplies and lower-than-expected prices of the winter quarter. Cattle prices are rising as production falls with the beginning of spring grazing and more current, lighter weight marketings from feedlots. Further, declining pork production is expected to contribute to higher prices for both cattle and hogs in late May and June. Poultry production is increasing, but stronger red meat prices will raise broiler prices.

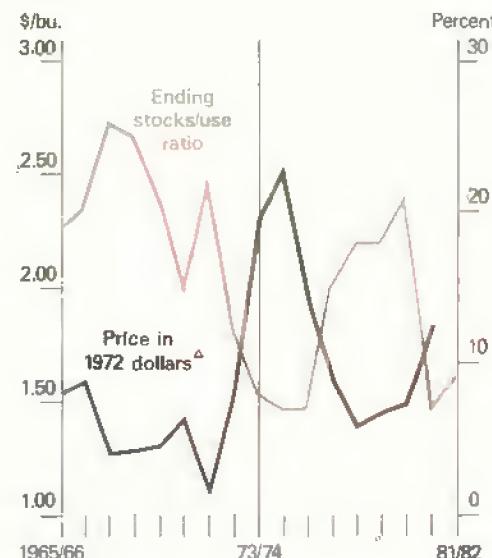
As harvest of 1981 winter wheat begins and the marketing year (ending May 31) winds down, the estimate of season average wheat prices remains stable at \$3.95 to \$4.05 a bushel. However, for corn, sorghum, and soybeans, the estimated 1980/81 season average price continues to slip. Despite prospective tight supplies—total U.S. ending stocks of grains will likely drop 20 million metric tons below 1979/80's 78 million—prices have steadily trailed expectations this marketing year. However, prices remain well above a year ago.

Relationship Between Stocks/Use Ratios and Prices

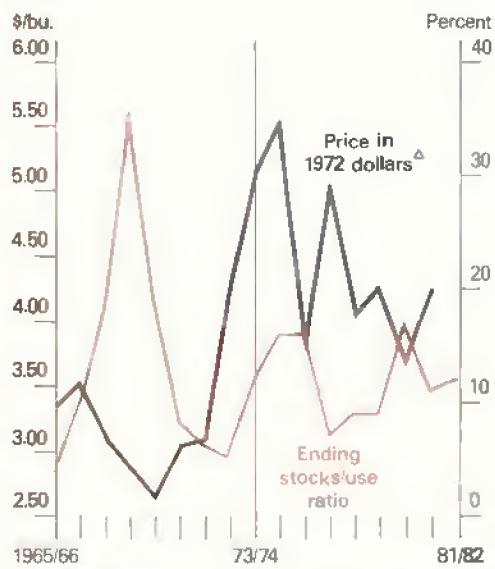
### Wheat



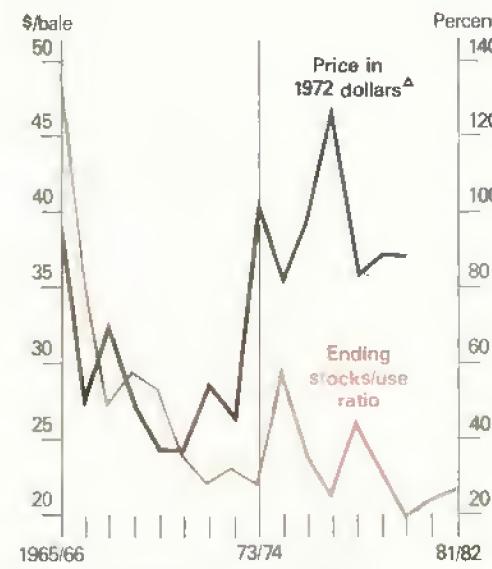
### Corn



### Soybeans



### Cotton



Data for latest 2 years projected. ▲Adjusted average of GNP deflator for calendar years in crop years.

Smaller acreages of vegetables will keep prices generally higher than a year ago throughout the spring. Overall fruit prices are near last year's levels, but oranges will remain sharply higher because of short supplies.

### Price Volatility To Continue

Throughout 1980/81, commodity prices have fluctuated in response to nonagricultural developments. Initially, short supplies of corn, other feed grains, sugar, and cotton prompted high price forecasts. Subsequently, sluggish economic growth here and abroad, high interest rates, the dollar's appreciation, and good crops elsewhere damped price gains.

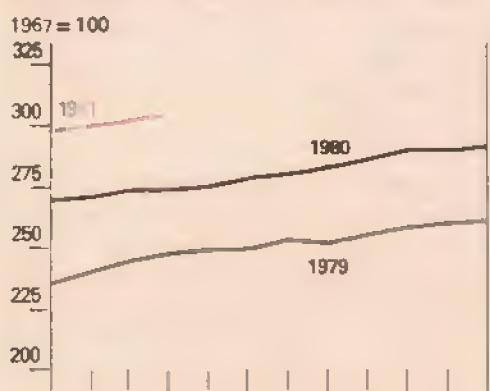
Because stocks have dropped so sharply, it is quite possible they will remain low through the next marketing year. Only unusually good crops here and abroad would rebuild stocks substantially.

Given strong economic growth, the low stocks possible for 1981/82 would suggest strong crop prices. However, the same developments that made markets volatile this year could recur:

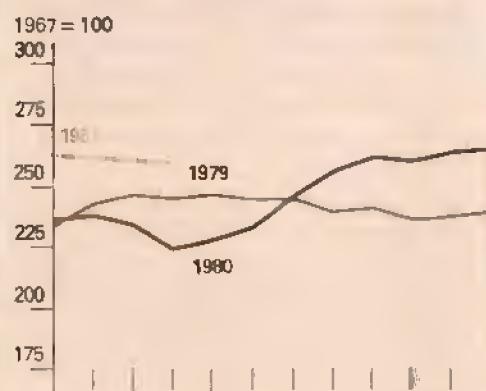
- High interest rates have raised the cost of holding crop and livestock inventories; although some fluctuations will occur next year, the basic level of rates will remain high because of persisting inflation and the Federal Reserve's attempts to control it.

## Prime Indicators of the Agricultural Economy

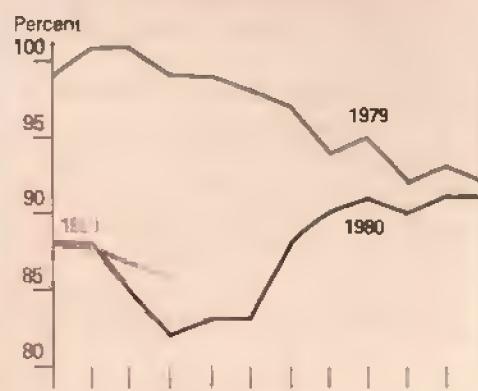
Prices Paid by Farmers<sup>1</sup>



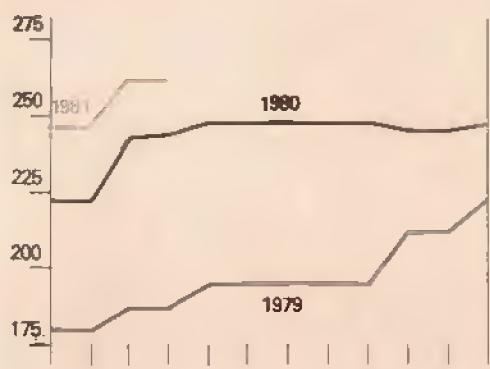
Prices Received by Farmers<sup>2</sup>



Ratio of Prices Received to Prices Paid



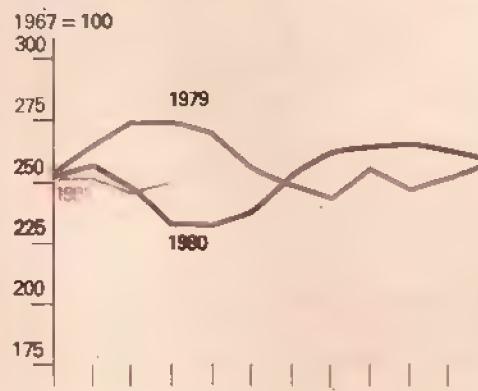
Fertilizer Prices



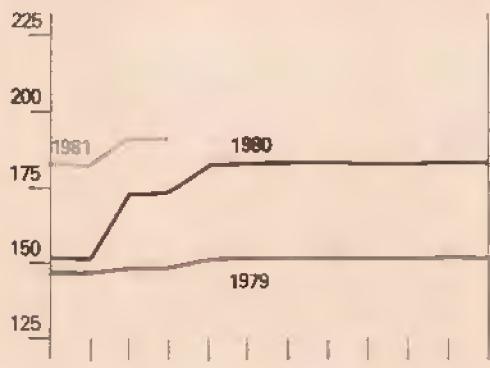
All Crops



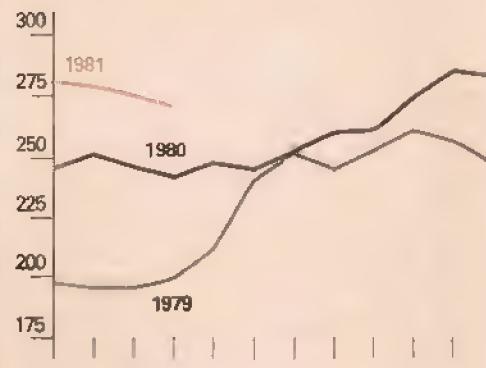
Livestock and Products



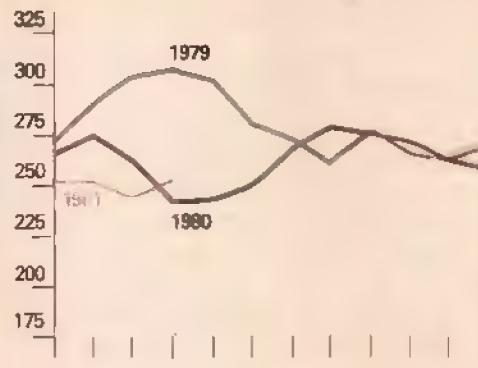
Agricultural Chemicals



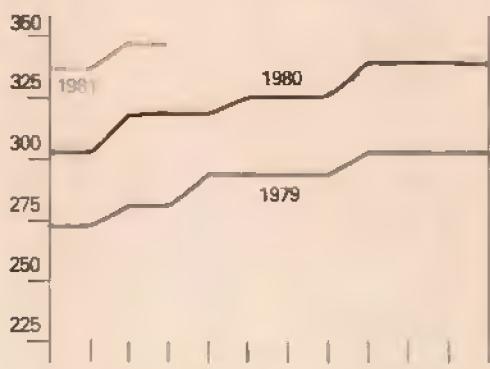
Food Grains



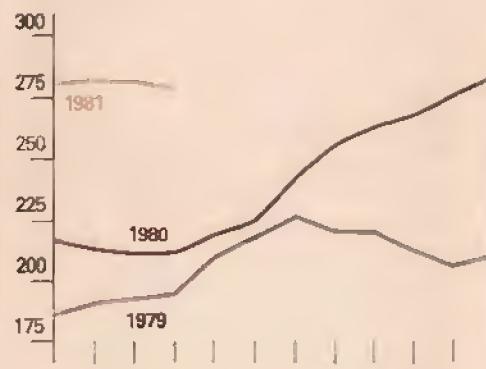
Meat Animals



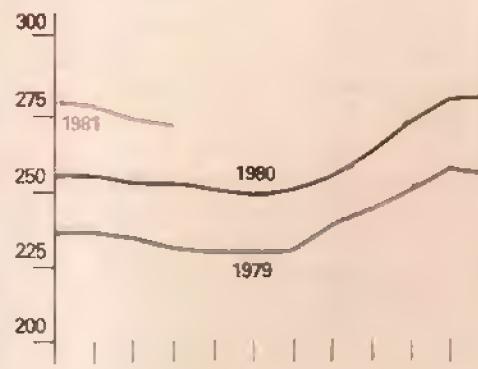
Tractors and Self-Propelled Machinery



Feed Grains and Hay



Dairy Products



<sup>1</sup>For commodities and services, interest, taxes, and wages.

All series except "Ratio of Prices Received to Prices Paid" are indexes based on 1967 = 100.

<sup>2</sup>For all farm products.

- Appreciation of the dollar relative to other currencies has weakened exports from estimates made earlier in the season; the dollar could remain strong in 1981/82, particularly if U.S. interest rates remain high.
- Southern Hemisphere crops apparently will exceed expectations; foreign crops will continue to influence prices next season.
- Concern over the unsettled conditions in Eastern Europe occasionally depressed prices; such political turbulence could recur.

#### Economic and Political Impacts

Will Continue . . .

The 1980/81 experience emphasized the impacts that economic and political developments here and abroad have on U.S. agriculture. Although weather and crop conditions still dominate the price outlook, the secondary forces of finance and government decisions will continue to move markets next season. As exports have expanded in recent years, U.S. crop prices have become increasingly sensitive to economic conditions abroad.

Meat prices remain sensitive to income fluctuations in the United States. Historically, consumer expenditures for meat have been fairly stable as a percentage of disposable incomes—about 4 to 5 percent. Hence, sluggishness in the general economy puts a ceiling on spending for meat. The outlook of a mild slowdown followed by mild recovery for the rest of 1981 implies steady, but not buoyant, demand for meat.

In this economic environment, the supply of meat offered to the market dominates price formation. With supplies now dropping, prices are rising as expected.

**. . . But Weather Will Be a Dominant Force**  
Meat supplies and crop prospects will be especially sensitive to weather this year because of moisture deficits from last year's drought. The expected drop in red meat supplies and consequent upward pressure on prices of meat and poultry rests partially on the expectation that nonfed slaughter will decline.

Likewise, because of the moisture deficit and tight stocks of several crops, crop prices will be volatile as weather and growing conditions develop through the summer. (*Lorna Aldrich (202) 447-2317*)

#### CROP HIGHLIGHTS

##### Wheat

Wheat prices have been remarkably steady considering the generally favorable growing conditions of Northern Hemisphere wheat crops. Short-term price adjustments now await weather developments, particularly rainfall, to determine the size of the 1981 U.S. wheat harvest.

Slowing demand in the last 3 months induced heavy movement (nearly 125 million bushels) into the grain reserve. The large proportion of yearend stocks expected to be in the reserve (nearly two-thirds) may help to support market prices.

The 1981 wheat program has now been announced. There will be no land diversion or special haying and grazing program for the 1981 crop. The target price will be \$3.81 a bushel, the regular loan level \$3.20, and the reserve loan level \$3.50. No reserve entry regulations were announced. (*Allen Schienbein (202) 447-8776*)

##### Feed Grains

Throughout most corn-growing areas, dry clear weather in April allowed fieldwork to progress rapidly. The good weather may have encouraged some extra planting of corn relative to soybeans. While the price ratio still favors corn planting, weather may prove the most important determinant of final plantings. Subsoil moisture remained low in many areas, particularly the southern portion of the Corn Belt.

Loan rates and target prices for feed grains were recently increased. Regular loan rates were raised to \$2.40 a bushel for corn, \$2.28 for sorghum, \$1.95 for barley, and \$1.24 for oats. Grain entered into the farmer-owned reserve is eligible for higher loan rates—\$2.55 a bushel for corn, \$2.42 for sorghum, \$2.07 for barley, and \$1.31 for oats. The new target price for corn is \$2.40 a bushel, sorghum \$2.55, and barley \$2.60. (*Walt Spilka (202) 447-8776*)

##### Soybeans

Weak demand for soybeans and products is causing overall use to continue downward. Reduced demand from the hog sector led to lower-than-expected domestic use of soybean meal in the first quarter. Current estimates place domestic meal use at 18.4 million short tons, down about 5 percent from last season. Soybean oil stocks continue to build because of lagging domestic use and exports.

Because of weak demand for soybean products, particularly oil, and lower product prices relative to beans, crushing margins have been unfavorable. As a result, soybean processors have slowed their domestic crush. Total 1980/81 crushings are now expected to decline about 7 percent from last season to 1.05 billion bushels.

Lower-than-expected domestic use for soybean meal and oil and reduced exports of soybeans and products are currently in prospect for 1980/81. Renewed strengthening of the dollar, low export demand, an apparent record crop in the Southern Hemisphere, and continued high interest rates have all combined to keep U.S. exports of soybeans and products in check. The season average farm price is now projected at \$7.55 a bushel, despite the short 1980 crop. (*Leslie L. Herren (202) 447-8444*)

##### Cotton

U.S. supplies are expected to remain tight throughout 1981. Stocks carried into next season (which begins August 1) are projected at 2.5 million bales, the smallest carryover since 1951. At this stock level, prices will be extremely sensitive to changes in economic activity and prospects for the 1981 crop. The stocks-to-use ratio in 1981/82 will return to more normal levels only if yields are exceptionally high. To date, weather has been relatively favorable in the major cotton areas.

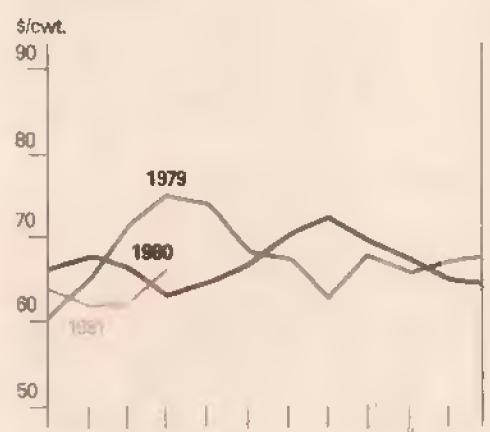
Last year's drought-reduced crop is restricting total cotton use to about 11.8 million bales, compared with 15.7 million last season. Exports are forecast at 6.0 million bales, down from last season's unusually high 9.2 million. Domestic mill use is estimated at 5.8 million bales, down from 6.5 million in 1979/80. (*Sam Evans (202) 447-8444*)

##### Fruit

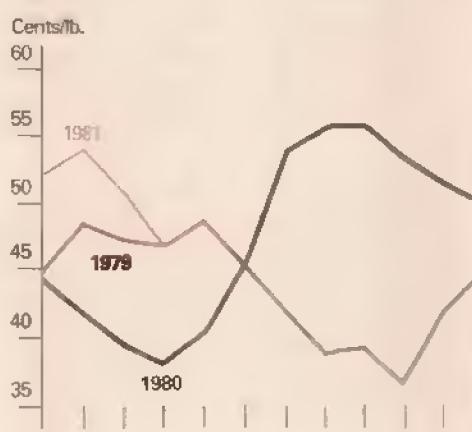
Reversing a 4-month decline, the index of grower prices for all fruit advanced in March. Higher orange prices contributed most to the increase, but strawberries, pears, and grapefruit also made gains. The index is now only slightly below a year earlier. Prices are expected to advance seasonally during the spring, mainly because of reduced citrus supplies. The April 1 estimate of this year's citrus crop was 14.9 million tons, 9 percent below last season.

# Commodity Market Prices: Monthly Update

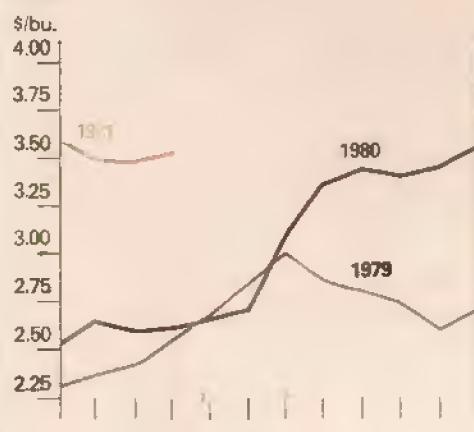
## Choice Steers<sup>1</sup>



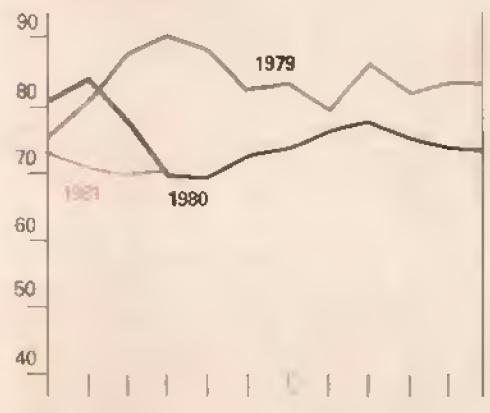
## Broilers<sup>4</sup>



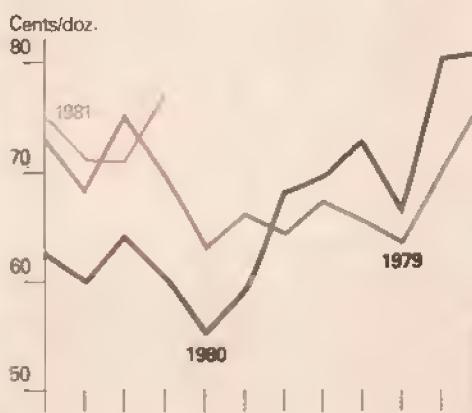
## Corn<sup>6</sup>



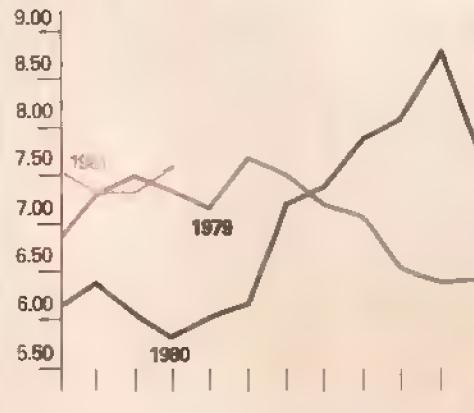
## Choice Feeder Cattle<sup>2</sup>



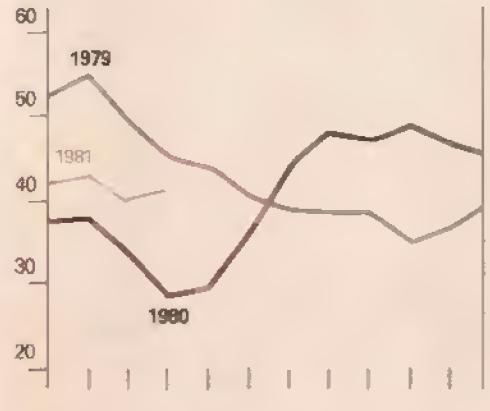
## Eggs<sup>5</sup>



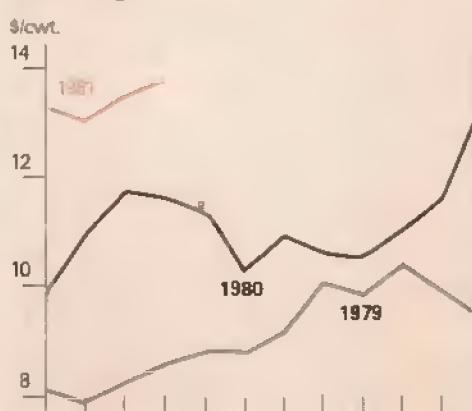
## Soybeans<sup>7</sup>



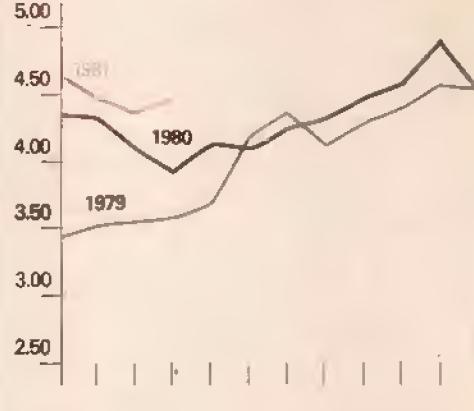
## Barrows and Gilts<sup>3</sup>



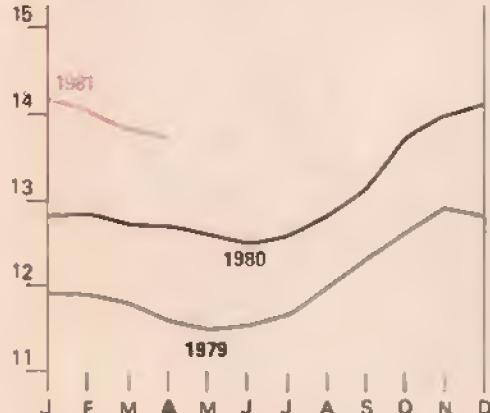
## Rice (Rough)



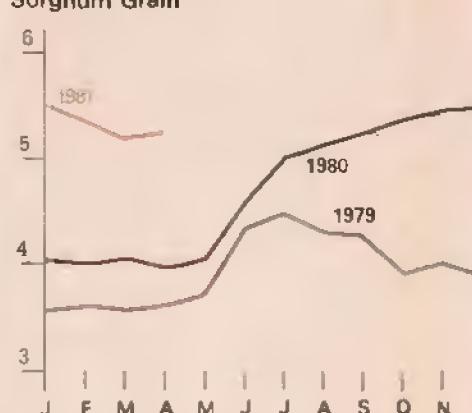
## Wheat<sup>8</sup>



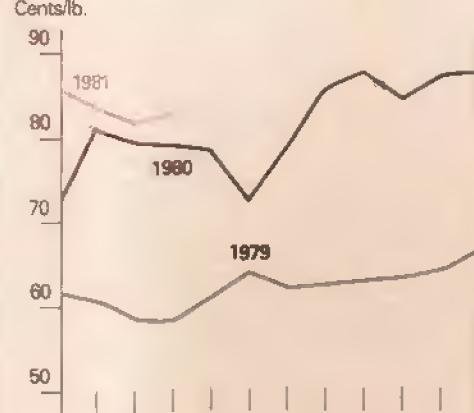
## All Milk



## Sorghum Grain



## Cotton<sup>9</sup>



Prices for most recent month are mid-month prices.

<sup>1</sup>Omaha    <sup>2</sup>600-700 lbs., Kansas City.    <sup>3</sup>7 markets.

<sup>4</sup>Wholesale, New York    <sup>5</sup>Grade A Large, New York.

<sup>6</sup>No. 2 Yellow, Chicago.    <sup>7</sup>No. 1 Yellow, Chicago.

<sup>8</sup>No. 1 HRW, Kansas City.

<sup>9</sup>Average spot market, SLM. 146."

On April 1, the 1980/81 orange crop was estimated at 243 million boxes, 11 percent below last season. Supplies for the rest of the season will be mostly from the Valencia crop, which is forecast almost 20 percent below 1979/80. Because of these smaller supply prospects, f.o.b. prices for fresh Valencias so far have averaged significantly higher than last season and are expected to continue higher all season. (*Ben Huang (202) 447-7290*)

#### Vegetables

Smaller acreages of the major fresh vegetables will keep prices generally higher than a year ago throughout the spring. Likewise, the acreage contracted for major processing vegetables is also down, so supplies of most processed items will be smaller and prices higher throughout the summer and fall. Planting intentions for 6 canning crops are down 6 percent from a year ago, but the acreage of major freezing crops will be up 4 percent.

Partly because of the January freeze in Florida, farm prices for fresh vegetables have been sharply higher than last year so far in 1981. Prices are expected to drop sharply in May as market supplies from Florida (bolstered by Florida's replantings) increase. Prices will nevertheless remain above a year ago.

Prices for canned vegetables are expected to continue surpassing year-earlier levels throughout the summer and fall. However, even if vegetable production turns out larger than expected, continued rises in processing and marketing costs will tend to keep prices at high levels.

Reflecting the smaller supplies of fall potatoes and prospects for small winter and spring crops, potato prices have remained high since last summer. They are expected to stay well above year-earlier levels throughout the summer.

Prices for dry beans, peas, and lentils are also sharply above a year earlier, partly because short crops in other parts of the world have raised U.S. exports and buoyed prices. For the third year in a row, Mexico has contracted to purchase U.S. dry beans; the contract amount so far is 8.5 million cwt. from the 1981 crop—representing nearly 33 percent of last year's total crop and 41 percent of 1979's. (*Jules Powell (202) 447-7290*)

#### Sugar

The world (International Sugar Agreement) price for raw sugar slipped to about 22 cents a pound in March, compared with 24.1 cents in February and 27.8 in January. World sugar prices continued to slide in early April, down to about 19 cents. Last April, prices were 19 to 20 cents and rising.

These recent price declines are generally attributed to non-sugar factors such as the strengthening of the dollar against the pound, the decline in gold prices, and continued high interest rates, which have dampened speculative activity. For 1980/81, sugar continues to show a production deficit of about 2.4 million tons, with consumption estimated at 89.5 million. At that level, consumption would be about a half million tons below last season despite world population growth; this mainly reflects substitution of high fructose corn syrup for sugar in the United States and Japan. In addition, the slowdown in world economic growth has reduced sugar demand.

Nevertheless, prices are expected to climb from present levels over the next several months as stocks are further reduced. (*Robert Barry (202) 447-7290*)

#### Tobacco

Flue-cured transplanting was in full swing by mid-April, although some areas report limited soil moisture. Sales of Southern Maryland tobacco—the last of the 1980 crop—began March 31 with buyers paying record prices for all grades. Sales through April 16 averaged \$1.73 a pound, 34 cents higher than last year. The main reason for this price runup is the worldwide shortage of light air-cured tobacco. Sales continued through mid-May. (*Robert H. Miller (202) 447-8776*)

#### Peanuts

Peanut supplies this season total about 3.2 billion pounds (farmers' stock basis), about 30 percent below 1979/80. Edible uses are running substantially below a year earlier and likely will fall 17 percent over the year, accounting for the sharp runup in retail prices this season. However, peanut prices still are low relative to most competitive protein foods.

The U.S. loan rate for 1981-crop quota peanuts is \$455 per short ton, the same as in 1980. The loan rate for "additional" peanuts is also the same as last year—\$250 a ton. Many growers have contracted to sell all or part of their crop for prices well above the loan rates. (*Robert H. Miller (202) 447-8776*)

#### LIVESTOCK HIGHLIGHTS

##### Cattle

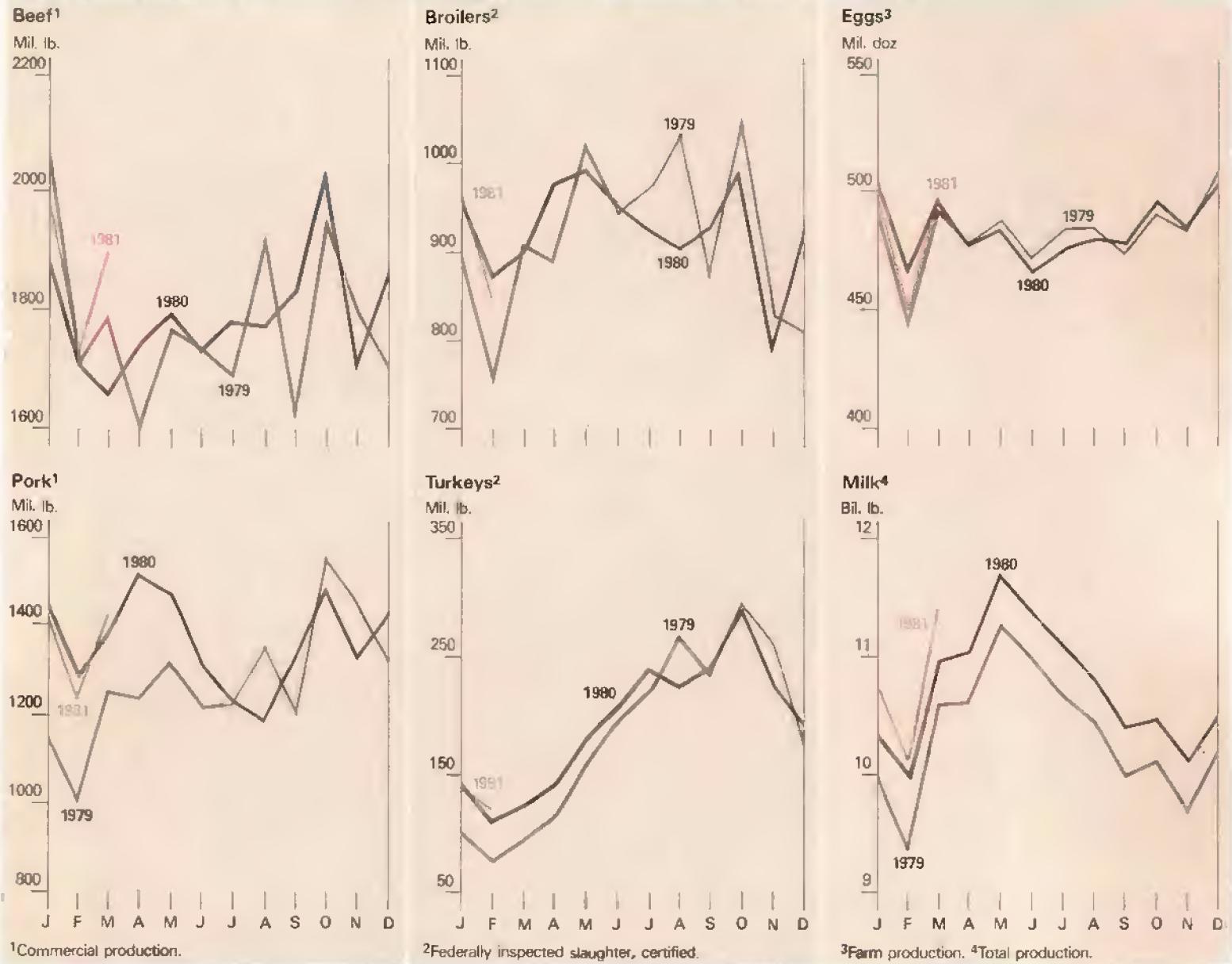
On April 1, cattle on feed in the 23 major cattle feeding States numbered 4 percent below a year ago—the lowest April 1 number since 1975. Fed cattle marketings and feedlot placements fell 2 and 1 percent, respectively, from last year's levels. Producers indicated intentions to market 2 percent fewer cattle this spring than a year ago and 8 percent fewer than last quarter. Fed marketings should remain below year-earlier levels for the remainder of the quarter. Weights will likely continue to decline as stronger prices and reduced supplies encourage more orderly marketings.

Cattle slaughter declined in April, and prices began to strengthen. Further price strength is expected in May and June as production of fed beef as well as pork declines. Second-quarter beef output is forecast to fall about 3 percent from last spring and about 8 percent from the large winter production. Production will increase this summer to near year-earlier levels.

Nonfed slaughter has slowed as spring grazing began and the last of the wheat-pastured cattle came to market. However, weather will remain a key element and could force nonfed slaughter to rise unless depleted moisture levels are replenished. Many areas need additional rainfall, particularly the concentrated beef area of the Central Plains. Improved moisture conditions and prospects for a large corn crop would hold down slaughter levels and encourage increased feedlot placements, strengthening cattle prices.

Prices of Choice fed steers at Omaha are forecast to average about \$70 per cwt. this spring and in the low-to-mid \$70's this summer. Price increases will be sharpest during June through early August as total meat supplies decline further and the economy begins to strengthen. However, feedlot returns are expected to remain below total costs this summer.

## Supplies Update: Livestock and Products



Feeder cattle prices will stay down because of high feed costs and interest rates. Yearling feeder cattle prices may average in the mid-\$70's later this spring and summer. Lower interest rates, improved moisture conditions, and stronger fed cattle prices would strengthen feeder cattle prices; however, large cattle feeding losses over the past year and a half will force feeders to be cautious in bidding for replacement cattle. (Ron Gustafson (202) 447-8636)

### Hogs

Although marketings continued large through late April, second-quarter commercial pork production is forecast 7 to 9 percent below last year. Expected lighter hog marketings in May and June along with reduced beef supplies may boost average hog prices to \$42-\$45 per cwt.

Hog slaughter in the second quarter will be drawn mainly from the March 1 inventory of market hogs weighing 60 to 179 pounds. There were 7 percent fewer hogs in this weight category than a year ago.

Hogs to be slaughtered in the third quarter will be drawn largely from the market hogs weighing less than 60 pounds on March 1, which numbered 11 percent fewer than a year earlier. Third-quarter pork output is expected to be 6 to 8 percent below last year. With the expected drop in slaughter, hog prices may average in the low-to-mid \$50's. (Leland Southard (202) 447-8636)

### Broilers

Broiler producers are now in a cost-price squeeze. Preliminary estimates are that costs exceeded the 9-city weighted average price by 4.5 cents a pound in March. However, producers continue to expand in anticipation of reduced pork supplies. As hog slaughter declines beginning in the second quarter, broiler prices can be expected to strengthen. Second-quarter prices may average 48 to 51 cents a pound—up from 41.1 cents a year earlier. Broiler production may be 3 percent larger than last year in the second quarter. If profits improve later in the second quarter, output for all of 1981 may expand 5 percent over last year. (Allen Baker (202) 447-8636)

### Turkeys

Turkey producers are also in a cost-price squeeze. Preliminary estimates show costs exceeding wholesale prices by 15 cents a pound in March. Although producers have recently been reducing egg sets, those set in late 1980 and early 1981 will raise first-half 1981 output over last year. Second-quarter 1981 production may be 6 percent greater than a year ago.

If red meat supplies decline and prices strengthen, producers may boost slaughter weights from last year's levels. If weights do increase, production for all of 1981 could exceed 1980 by 3 percent. Current low prices and expected price strength later in the year are encouraging larger stocks of frozen turkeys, even with high interest rates. (Allen Baker (202) 447-8636)

### Eggs

Egg producers are operating below break-even so far this year. As a result, they are cutting the number of replacement pullets for the laying flock. In the second quarter, egg production may equal last year's output. While opportunity for expansion is limited, losses to producers will lead to increased culling and reduced output.

The wholesale price of grade A large cartoned eggs in New York averaged about 71 cents in March, up from 64 cents in 1980. Egg prices averaged 73 cents a dozen in the first quarter—up from 62 cents last year. Reduced demand generally weakens prices in the second quarter, but this year prices may average 71 to 73 cents a dozen, up from last year's average of 57 cents. (Allen Baker (202) 447-8636)

### Dairy

During the first-quarter 1981, the U.S. dairy herd was about 1 percent (100,000 cows) larger than a year earlier. It will likely remain slightly above last year through most of 1981. Output per cow during January-March (daily average) was up 3.5 percent from a year ago.

With fluid sales anticipated to change little this year, milk available for manufacturing dairy products will increase again. In 1980, dairy product output used over 5 billion pounds more milk than in 1979. Meanwhile, commercial use of milk and dairy products (milkfat equivalent basis) should exceed the depressed 1980 levels as higher meat prices will make dairy products more attractive. However, during the first 2 months of 1981, total commercial use remained weak—down about 6 percent from last year. Thus, with a heavy supply of milk and weak demand, USDA continued to purchase large amounts of dairy products—4.3 billion pounds—during January-March. In addition, with milk production expected to rise faster than sales this year, USDA will likely continue buying dairy products at a record rate through most of 1981.

All-milk prices during the first quarter were up about a tenth from a year ago and are forecast up 8 to 10 percent for the year. Given the expected milk production, total cash receipts may rise 11 to 13 percent from the \$16.4 billion estimated for 1980. Wholesale dairy product prices are expected to remain near USDA purchase levels through midyear and average 8 to 10 percent higher for the year. Retail dairy prices will likely average 9 to 11 percent higher than in 1980. (Clifford M. Carman (202) 447-8636)

### Upcoming Crop Reporting Board Releases

The following list gives the release dates of the major Crop Reporting Board reports that will be issued by the time the June Agricultural Outlook comes off press.

#### May

21	Eggs, Chickens, & Turkeys Livestock Slaughter Egg Products
22	Milk Production, Disp., & Income Farm Labor Peanut Stocks & Processing Seed Crops Annual
26	Sugar Market Statistics
29	Commercial Fertilizers Agricultural Prices

#### June

1	Poultry Slaughter Dairy Products Dairy Products—Annual
5	Vegetables—Annual
8	Vegetables
10	Crop Production
11	Milk Production
15	Cattle on Feed
18	Livestock Slaughter Egg Products
19	Cold Storage

To start receiving any of these reports, send your name, address, and zip code to: Crop Reporting Board, USDA, Room 0005-South Building, Washington, D.C. 20250. Ask for the report(s) by title.



## World Agriculture and Trade

### FOOD AIDS AND NEEDS IN 1981:

#### A Precarious Balance

For low-income countries to maintain their food intake levels this year, food aid may have to be greater than in any of the last 5 years. Moreover, because of production shortfalls and financial problems in many East and West African countries, food needs are more pressing than a year ago.

Food production in the 68 poorest countries increased nearly 3 percent in 1980/81, reaching an alltime high. However, the uneven distribution of production gains and this year's population increases are leaving per capita production only fractionally above the 5-year low reported last year. Thus, to sustain per capita intake levels of the last 3 years will require stock drawdowns, larger imports, and—given rising world market prices—a marked increase in food import bills. Because of their weak financial performance last year and the bleak prospects for 1981, however, these countries will not have the foreign exchange to pay higher food imports bills.

#### Production Gains Still Inadequate

Most of Latin America, South Asia, and parts of Africa have reported record or near-record production this year. The 8-percent climb in Central America's output and the 11-percent increase in Brazil were almost triple the trend rate of the last 2 decades. Only Argentina, because of weather problems, registered a significant decline.

Several African countries harvested their largest crops of the decade this season. Even so, African per capita production slipped for the fifteenth time in 20 years. Per capita levels now lag 15 percent below the early 1970's and are down almost 20 percent from the early 1960's. Moreover, several countries in East Africa and the Sahel reported output off a third or more from the low levels of 1979.

#### Record Grain Production Falls Short of Needs

The developing countries fared much better in grain production last year than the developed nations. Cereal production rebounded from the depressed 1979 levels. Most of Latin America and South Asia and certain areas of Africa reported record or near record harvests. However, with populations in developing countries growing 2.5 to 3.0 percent a year, the 1980/81 gains fell short of those needed to match the recent highs in aggregate per capita consumption. Moreover, cereal production fell severely in many of the lowest income countries of East Africa, the Sahel, East Asia, and the Caribbean.

Cereal consumption in developing countries probably posted strong but unevenly distributed gains in 1980. Much of the increase was due simply to recovery in Indian rice consumption and several African countries' coarse grain consumption. The rest of the increase was largely concentrated in the higher income countries of Latin America and North Africa and in the Middle East. Moreover, consumption gains in 1981 will have to be based largely on increased imports. Overall, consumption improvements will likely be insufficient to offset population growth; intake for developing countries as a whole and particularly for the poorest countries will be lower than most of the last decade.

Further clouding the cereals outlook for these countries is the stock and price situation. Stocks in many developing countries, particularly those with the lowest incomes, will be drawn down substantially this year. With tight world supplies, these nations also

face 25 to 50 percent higher import prices than in 1979. Therefore, many will be precariously dependent on good crops this year.

#### Large Oilseed Exports and Imports Expected

The impact of this season's tight oilseed situation on developing countries has been mixed. Many low-income countries are exporters of oilseeds and products, and oilseed sales are a major source of foreign exchange earnings.

Although most low-income countries export peanut, palm, and coconut products, they import cheaper vegetable oils (such as soybean oil) to meet rising domestic demand. This year's good harvests will allow many to export near-record volumes, but growing domestic demand will keep imports high. Income growth, vegetable oil demand, and population growth suggest that Bangladesh, Pakistan, Egypt, Morocco, and Tunisia will require large imports this year. Somalia, Zambia, Togo, and Kenya are also likely to import heavily. Despite strong vegetable oil demand and plentiful supplies, low foreign exchange reserves will prevent many from importing enough to satisfy demand and to maintain 1977-79 per capita intake.

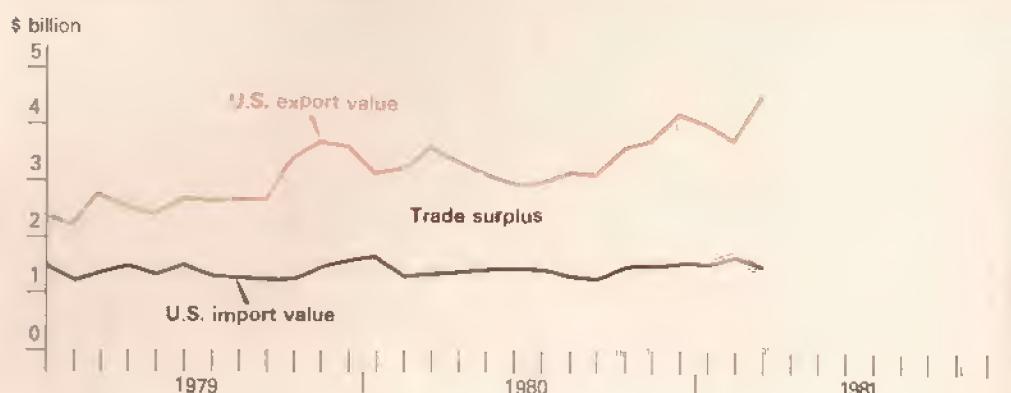
#### Root and Tuber Production Rises

Output of roots and tubers, a key food in low-income countries and a popular feed in developed countries, increased 2.8 percent in 1980 to 124 million tons. In terms of food energy, this crop equals over 40 million tons of wheat. Although somewhat stronger than the 1960-80 trend suggests, the 1980 increase was not large enough to keep per capita production from slipping fractionally below 1979. This decrease, combined with developed countries' strong demand for cassava for feed, will force per capita root and tuber consumption in the lowest income countries to fall 5 to 7 percent over last-half 1980 and first-half 1981. Such a decline equals about 2 to 3 kilograms of grain per capita. Although less important in Africa, roots and tubers account for 5 to 15 percent of food intake in several poor East Asian countries.

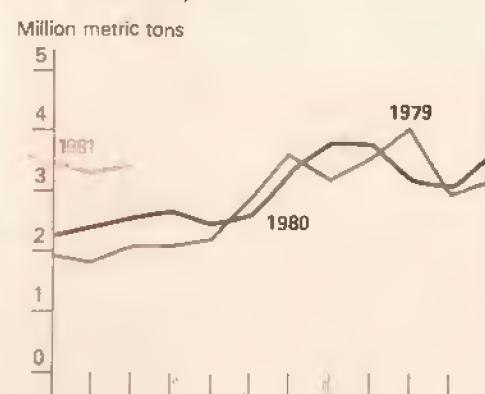
Latin American root and tuber production was slightly below 1979. Output in key producing countries has not kept pace with population growth and, in several countries, has fallen faster than food supplies from alternative sources. As a result, low-cost roots and tubers, which the poor depend on, are becoming scarce.

## U.S. Agricultural Trade Indicators

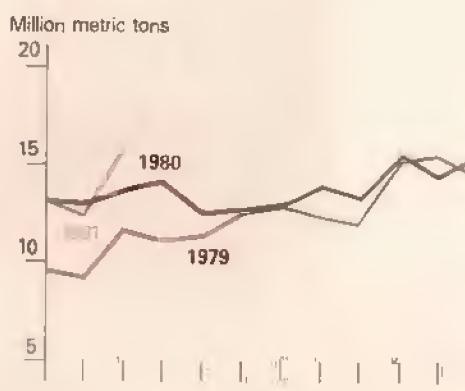
### U.S. Agricultural Trade Balance



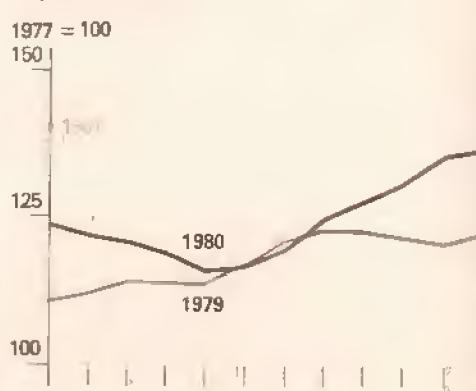
### U.S. Wheat Exports



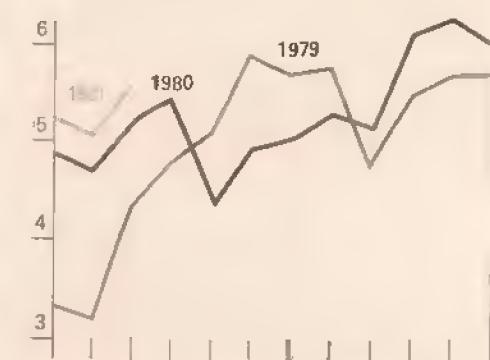
### Export Volume



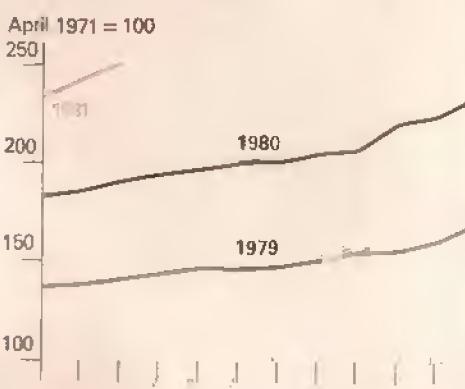
### Export Prices



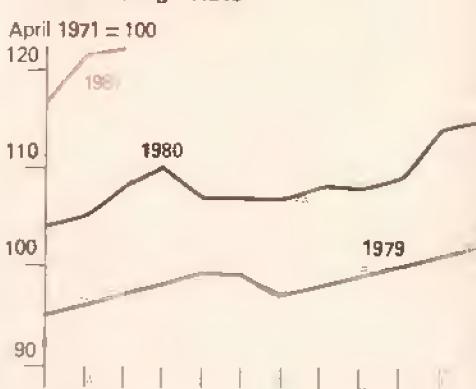
### U.S. Corn Exports



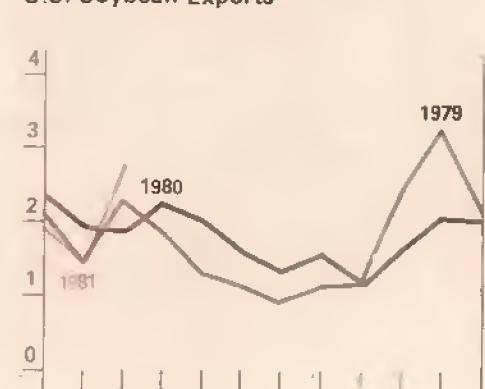
### Wheat Exchange Rate\*



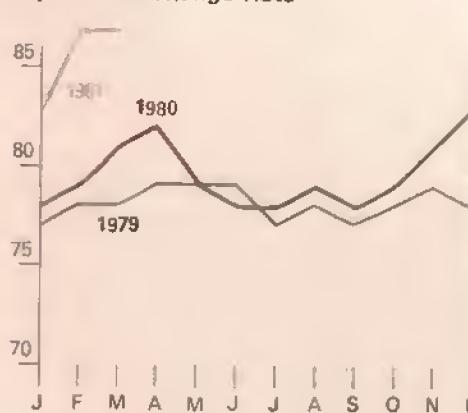
### Corn Exchange Rate\*



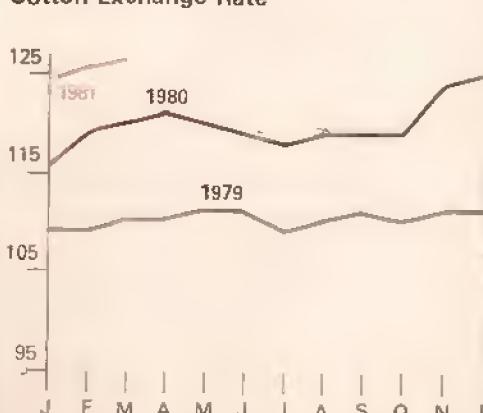
### U.S. Soybean Exports



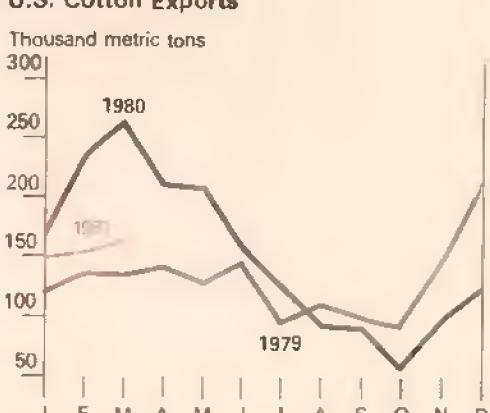
### Soybeans Exchange Rate\*



### Cotton Exchange Rate\*



### U.S. Cotton Exports



\*Foreign currency value of U.S. dollar, weighted by relative size of agricultural trade with the United States. An increasing value indicates that dollar has appreciated against the basket of currencies represented in that particular commodity market.

### Food Aid Contributions To Decline this Year

Commodity/Donor	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	Estimated allocations <sup>1</sup> 1979/80	1980/81
1,000 metric tons									
Grains . . . . .	10,218	6,041	8,392	7,116	10,900	11,000	10,896	9,386	9,195
Argentina . . . . .	2	10	20	—	22	32	30	23	35
Australia . . . . .	259	222	330	268	230	252	312	325	400
Canada . . . . .	887	486	594	1,034	1,176	884	735	550	600
European Com. <sup>2</sup> . . . . .	986	1,208	1,413	928	1,131	1,488	1,240	1,386	1,650
Finland . . . . .	25	17	24	25	33	47	9	14	20
Japan . . . . .	528	350	182	33	46	135	352	680	300
Norway . . . . .	—	—	—	10	10	10	10	30	30
Sweden . . . . .	56	65	316	47	122	104	104	99	80
Switzerland . . . . .	21	33	29	35	33	32	32	32	27
United States . . . . .	7,134	3,588	4,731	4,637	7,940	7,663	7,552	5,649	5,533
Other . . . . .	320	62	753	199	157	353	520	600	520
Vegetable Oils . . . . .	285	139	86	320	239	419	237	NA	NA
United States . . . . .	229	119	71	217	176	366	157	230	NA
Other . . . . .	56	20	15	103	63	53	80	NA	NA
Milk and Products	102	87	128	172	204	249	251	NA	NA
United States . . . . .	29	1	46	26	55	67	64	58	94
Other . . . . .	73	86	82	146	149	182	187	NA	NA

-- = None. NA = Not Available.

<sup>1</sup> For 1980/81, figures relate to allocation for the budgetary period of each country. <sup>2</sup> Aid from individual EC countries as well as from the entire Community.

Sources: Food and Agricultural Organization, USAID and U.S. Department of Agriculture.

**1981 Financial Situation Will Tighten**  
 Wide-ranging economic ills in developed countries may harm developing nations' financial positions. Growth in the developing countries' export earnings will slow and, in some cases, stagnate because of recession-dampened import demand in affluent countries.

Commercial and concessional capital flows to developing countries will also likely slow in nominal terms and slip in real terms as many developed countries tighten aid budgets and as private lenders grow wary of extending credit to overextended low-income countries.

Therefore, virtually all developing countries will face tightening financial constraints in 1981 just as their import bills for oil, food, development goods, and debt-service obligations rise to alltime highs. As a result, most will be in a weaker position than last year to finance commercial imports.

**Export Earnings To Rise, But Not Enough**  
 Export earnings of low-income nations that import oil are likely to climb more than 13 percent in 1981, possibly to more than \$120 billion. Such an increase would be larger than the last several years; however, considering world price inflation, growth would be less than the real gains of recent years.

Given the basket of goods imported by these nations, 1981 gains in export earnings may actually fall short of the increase necessary to maintain their international buying power at 1980 levels. Poor prospects for a large gain in export volume will contribute to the disappointing outlook. Expectations that unit values of developing countries' exports will lag behind overall world price growth will also hinder earnings.

**Import and Debt-Service Bills Rising**  
 Import bills of the oil-importing low-income countries are forecast to increase more than 14 percent in 1981—possibly to \$150 billion. Petroleum-related items are the largest and fastest growing part of these countries' import bills. Oil purchases by the poorest nations totaled \$19 billion in 1980, double 1978, and are forecast at \$24 billion this

year. Oil expenditures as a percent of export earnings rose from 13 percent in 1977-79 to over 17 percent last year and are forecast at 20 percent in 1981.

Debt-service payments also drain export earnings. Many African, Asian, and Latin American countries have reported combined oil-import and debt-service bills in excess of total export earnings. Debt-service payments of low-income countries rose more than 50 percent in absolute terms during the last 4 years and grew from 16 percent to more than 18 percent of total export earnings.

Therefore, except for a few countries such as Egypt and Indonesia, the lowest-income countries cannot spend more for commercial food imports this year than last. Given the rising food import prices forecast for 1981, the volume of commercial food imports will likely slip from the 1977-79 average and from last year's total.

Over the last 5 years, 95 percent of all aid was donated to the 68 poorest countries. In 1980/81, these countries need donations of roughly 16 million tons of cereal, vegetable oil, and other food products. Apparently, just under 10 million tons will be donated.

## Food Aid Needs For 1981

Region/Country	Estimated 1981 Food Aid Needs	Estimated 1981 Needs Per Capita	Percent of
			FAO minimum <sup>1</sup>
Africa			
Burundi . . . . .	48	11	106
Cape Verde . . . . .	.45	135	77
Cen. African Rep. . . . .	5	2	98
Chad . . . . .	45	10	76
Djibouti . . . . .	50	129	90
Egypt . . . . .	1,807	43	118
Ethiopia . . . . .	219	7	74
Gambia . . . . .	6	10	101
Ghana . . . . .	170	15	84
Guinea-Bissau . . . . .	35	63	100
Guinea . . . . .	63	12	83
Kenya . . . . .	508	31	96
Lebanon . . . . .	50	17	100
Lesotho . . . . .	141	105	95
Liberia . . . . .	29	16	97
Malawi . . . . .	203	33	93
Mali . . . . .	95	14	80
Mauritania . . . . .	9	6	84
Mauritius . . . . .	51	53	90
Morocco . . . . .	1,471	74	105
Mozambique . . . . .	290	28	75
Rwanda . . . . .	1	0	82
Senegal . . . . .	24	4	108
Somalia . . . . .	280	70	77
Sudan . . . . .	275	15	93
Tanzania . . . . .	451	25	85
Uganda . . . . .	220	16	80
Upper Volta . . . . .	45	7	71
Yemen Arab Rep. . . . .	274	46	86
Yemen PDR . . . . .	36	18	90
Zaire . . . . .	315	11	83
Zambia . . . . .	352	60	95
Asia			
Afghanistan . . . . .	449	21	83
Bangladesh . . . . .	501	5	85
India . . . . .	*3,080	5	90
Kampuchea . . . . .	80	9	70
Laos . . . . .	73	20	93
Philippines . . . . .	9	1	90
Sri Lanka . . . . .	486	33	97
Vietnam . . . . .	1,032	20	104
Latin America			
Bolivia . . . . .	125	23	79
El Salvador . . . . .	40	8	92
Haiti . . . . .	200	39	87
Honduras . . . . .	35	10	79
Jamaica . . . . .	95	43	95
Peru . . . . .	20	1	100

<sup>1</sup> 1977-79 food intake as percent of minimum recommended by the Food and Agriculture Organization (FAO).

\*Assumes no substitutability between rices and pulses.

### Per Capita Production Down in Africa, Stagnates in Asia

At least 26 African countries had moderate to serious food problems during 1980/81. For the 38 low-income African countries, food production was up 2 percent from 1979/80. Nevertheless, on a per capita basis, production actually fell 1 percent to less than 85 percent of a decade ago.

This deterioration is reflected in higher 1981 import requirements. Over 18 million tons of food—primarily cereal—must be imported to maintain per capita intake at 1974-79 levels. Because of weakening financial positions, 8 million tons will have to be purchased concessionally or be foregone.

Food aid needs in the Middle East this year will be small. Only Yemen and Lebanon will require aid and donations—less than 400,000 tons of cereals—to maintain 1977-79 per capita intake.

Production in the major Asian aid-recipient countries—Afghanistan, Bangladesh, India, Indonesia, Kampuchea, South Korea, Laos, Pakistan, the Philippines, Sri Lanka, and Vietnam—rose more than 3 percent in 1980/81. However, with equally strong population gains, per capita production stagnated near the 5-year low reported in 1979/80. Moreover, production gains were poorly distributed across countries. Shortfalls in wheat, coarse grains, and pulses in India and rice in Korea and several Southeast Asian countries were severe. Conversely, the situation improved significantly in Bangladesh and Indonesia.

The food imports needed to maintain 1977-79 per capita food intake in these 10 low-income countries and Korea will be nearly 16.7 million tons, up 3.6 million from a year ago. The food aid component of this record-large requirement is also up from a year ago and could reach as high as 5.7 million tons. However, nearly half is because of Indian pulse deficits and the importance of pulses as protein in the Indian diet; because of this, surplus rice cannot easily be substituted for pulses. Aid needs outside of India are about 2.5 million tons.

### Latin American Food Situation Somewhat Better

Latin American food production in 1980/81 was record high—more than 4 percent above 1979/80. However, the gains appear to be unevenly distributed. Of the region's 25 major countries, only 14 report output larger than a year ago; on a per capita basis, only 10 nations—including most of the largest countries—reported improvements.

The 11 poorest countries of Latin America—Bolivia, Columbia, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Nicaragua, and Peru—reported a 3.6-percent production increase in 1980/81. Improved crops will keep the imports necessary to maintain per capita consumption at the recent, benchmark level fractionally below 1979/80's 3.8 million tons. However, considering the weakened financial positions of several countries, food aid needs will remain near 1979/80's 550,000 tons. [Patrick M. O'Brien (202) 447-8364]



## General Economy

After a brief, mild slowdown around mid-year, the economy will likely register a modest rebound in the second half. Against a background of current weakness in the economy, consumers and business firms are investing idle cash in money market mutual funds, thereby transferring cash to those who will spend it immediately. This process contributed to the 6.5-percent increase in real GNP in the first quarter.

### Economic Indicators Weak

Factors indicating weakness in the economy are 1) slowed growth in labor usage, 2) consumer spending at likely unsustainable levels, 3) weakness in the housing sector, 4) a probable decline in net exports, and 5) an outlook of only modest increase in nonresidential fixed investment, particularly in the first half.

- **Labor:** Recent reports indicate some slowdown in labor markets. While the unemployment rate was relatively stable through the first quarter, other indicators point to a pending slowdown in labor usage. In particular, the average weekly hours of nonagricultural workers declined in February for the first time since last July. While average hours worked increased slightly in March, the index was still slightly below January. Finally, total nonfarm employment was stagnant in March after increasing only 0.2 percent in February—a much smaller increase than in preceding months.

- **Consumer Spending:** Consumer spending is expected to fall because of continued slow growth in real disposable incomes and likely attempts to increase saving. Saving from disposable income fell from 5.1 percent in the fourth quarter of 1980 to 4.7 percent in the first quarter of 1981—a very low level compared with the 7.1-percent average of the 1970's. Consumers are unlikely to allow their saving rate to continue downward in light of increasing weakness in labor markets and high interest rates. Furthermore, the rebound in auto sales is expected to slow as rebates are phased out.

- **Housing:** Housing starts fell 25 percent in February (seasonally adjusted annual rate) and, although they recovered slightly in March, are expected to continue declining through most of the second quarter. Contributing to this downward trend are high mortgage rates and profit and liquidity problems of institutional mortgage lenders.

Further, mortgage rates are unlikely to see any large sustained fall in the face of continued strong demand by business firms for long-term funds. Since mortgages compete with other financial obligations such as corporate bonds for the funds of institutional lenders, they must offer competitive yields. Demand by nonfinancial corporations for long-term funds is now strong relative to supply, which will tend to prevent any sustained fall in corporate bonds and, indirectly, mortgage rates. Furthermore, savings and loans and, to a lesser extent, life insurance companies are in a profit and liquidity squeeze, which should constrain their mortgage lending activity in coming months.

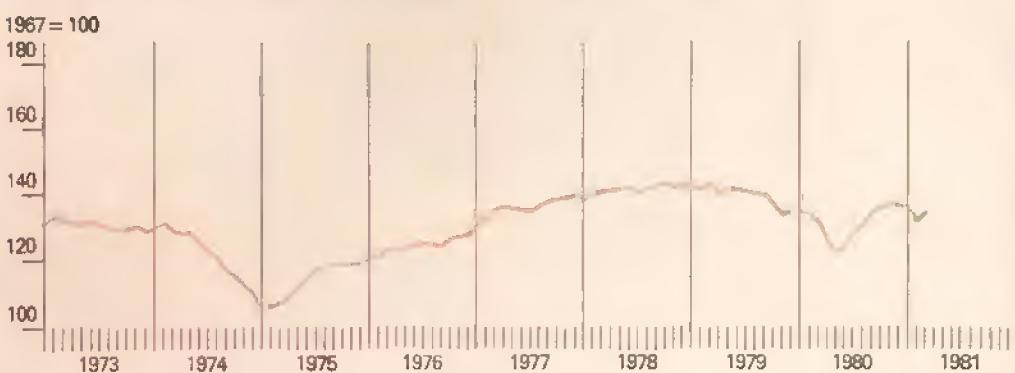
- **Exports:** The net export position of the United States is expected to deteriorate over the next few months. Among the factors underlying this outlook are the dollar's recent appreciation against the currencies of most of our major trading partners and the expected higher growth of real incomes in the United States relative to those countries.

A stronger dollar raises prices of U.S. exports abroad and reduces the cost of foreign goods here, thus tending to dampen U.S. exports and increase imports. The negative impact of the stronger dollar is not expected to be offset by a significant change in the relative rates of inflation between the United States and our major trading partners.

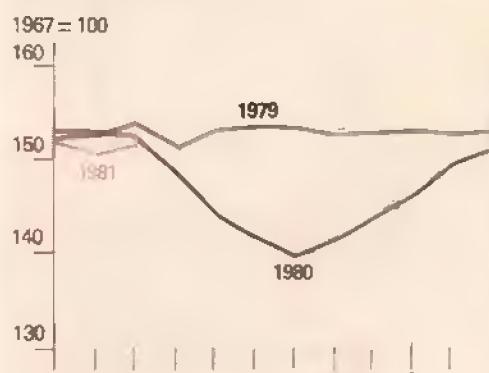
Although real economic growth in the United States for 1981 is projected to be only about 1.5 percent, it is expected to be even slower for many of our major trading partners—particularly in Western Europe. This will tend to cause U.S. demand for foreign goods to climb more than foreign demand for U.S. products, thus leading to lower net exports. Relatively weak foreign demand is expected to constrain U.S. economic recovery in the second half of the year.

# General Economic Indicators

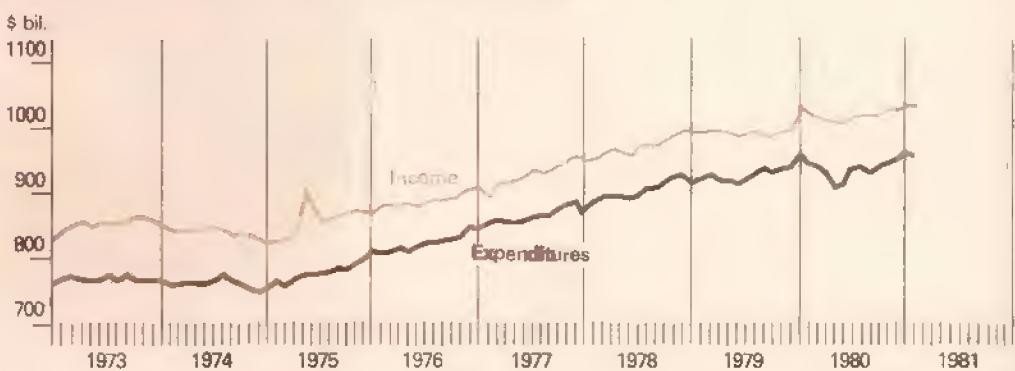
## Composite Leading Economic Indicators



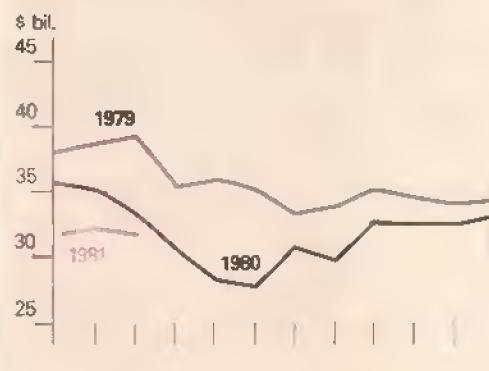
## Industrial Production



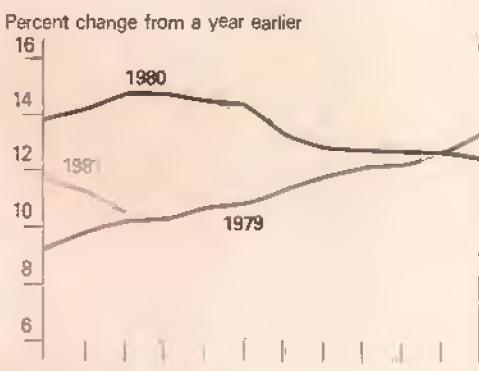
## Disposable Income and Consumption Expenditures<sup>1,7</sup>



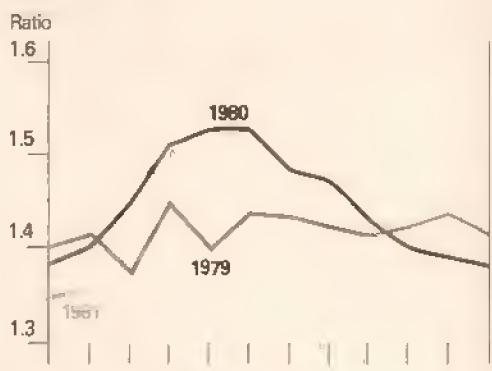
## Manufacturers' Durable Goods Orders<sup>2</sup>



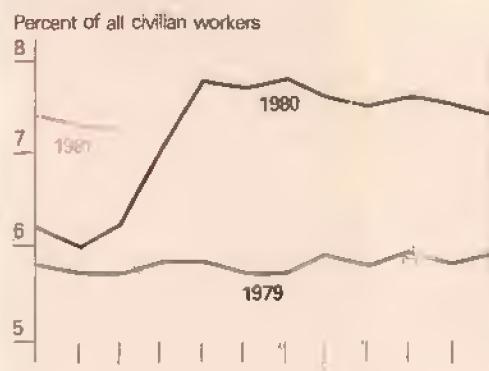
## Consumer Price Index



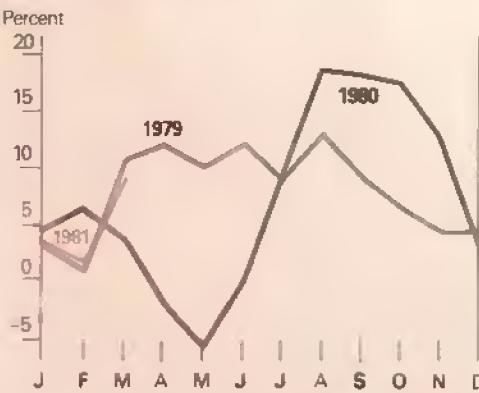
## Inventory/Sales<sup>3</sup>



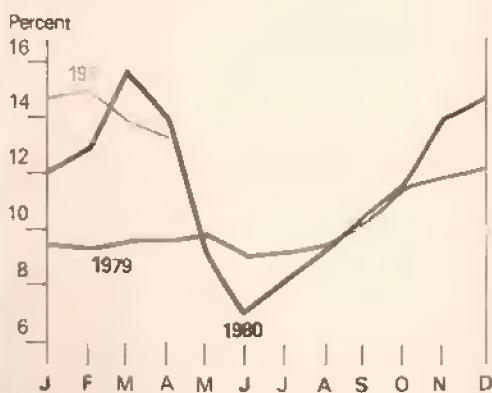
## Unemployment<sup>4</sup>



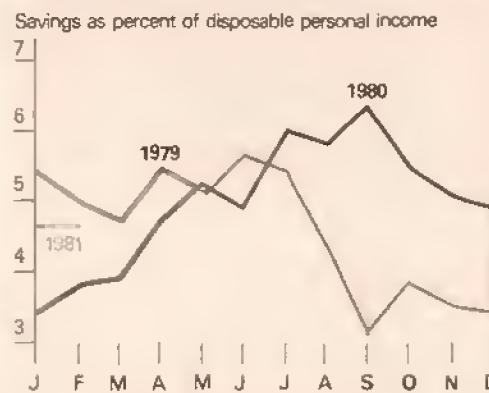
## Money Supply (M1-B)<sup>5</sup>



## Treasury Bill Rate



## Savings Rate<sup>6,7</sup>



<sup>1</sup>Billions of 1972 dollars, seasonally adjusted at annual rates. <sup>2</sup>Billions of 1967 dollars. (Current dollars deflated by seasonally adjusted producers price index for capital goods). <sup>3</sup>Manufacturing and trade, seasonally adjusted at annual rates. <sup>4</sup>Seasonally adjusted. <sup>5</sup>Annual rate of change in 3-month moving average.

<sup>6</sup>Calculated from disposition of personal income in 1972 dollars, seasonally adjusted at annual rates. <sup>7</sup>Estimate for latest month. Sources are the U.S. Department of Commerce, the U.S. Department of Labor, and the Board of Governors of the Federal Reserve System.

• **Non-Residential Fixed Investment:** The strong rebound in business fixed investment that occurred in the first quarter is expected to slow. Recovery from last year's recession has been weaker than following past downturns. There has been only a mild upturn in the level of capacity utilization, thus limiting the need for immediate increase in business investment.

Businesses' plans for fixed investment are further constrained by the relatively poor profit figures of the last 2 years, the high cost and limited availability of long-term funds, and the uncertain business outlook. Uncertainty about passage of the administration's proposed depreciation reform may also hold back investment spending. While 1981 fixed investment is expected to be sluggish for nondefense industries, it will likely be brisk for defense industries.

#### A Balanced Outlook

The downturn this year will likely be mild and brief because of four basic factors. First of all, business inventories have been tightly controlled. Therefore, if sales activity slows modestly as expected, inventories will not have to be reduced sharply.

Second, consumers have significantly improved their debt-to-income situation since the first quarter of 1980. Therefore, they are in a much better position to take on additional debt.

Also, there is much pent-up demand for consumer durables and housing. So if a mild downturn occurs, bringing somewhat lower interest rates and price concessions, consumer purchases of durable goods and housing are likely to rebound.

Finally, despite the strong first-quarter growth in real GNP, the monetary aggregates for the first quarter were well within the upper bounds of the Fed's targets. In particular, M1-B (transactions accounts at depository financial institutions) grew at an estimated annual rate of 5.2 percent in the first quarter, below even the lower bound of the Fed's long-run target of 6 to 8-1/2 percent. For M2, a broader definition of the money supply, the growth rate was 7.1 percent—within the 6 to 9 percent target range. Because of this relatively slow monetary growth, the Federal Reserve will have more flexibility in meeting future shortfalls in monetary growth that could result from declining aggregate demand.

#### Money Markets Offer Consumers Attractive Savings Option...

One highly notable financial and economic development during the first quarter was the continued phenomenal growth of money market mutual funds. At the end of 1980, money market mutual funds had assets of roughly \$75 billion. By April 1, these assets stood at \$112 billion. Money market mutual funds pool investors' funds in short-term money market instruments, including commercial paper, large bank certificates, and Treasury bills. These funds allow investors to redeem their shares with little delay, and most allow check-writing privileges with a minimum withdrawal of about \$250. The main appeal to small investors is the availability of yields close to those of money markets without having to invest large sums of money or committing funds for a specified time.

...and Rechannel Expanded Credit Flows  
By encouraging business firms and individuals to economize on money holdings through high yields and liquidity, money market mutual funds have enlarged the flow of funds into the nation's money markets. In turn, these additional financial flows have encouraged the additional expansion of credit and income. Further, the increased liquidity offered by these funds to small investors has likely had some positive impact on consumer spending.

However, by altering credit flows, money market mutual funds likely have reduced the flow of money into depository institutions—particularly from small savers—thereby increasing the cost of funds to these institutions, including credit unions and savings and loans. As a result, the liquidity and profit problems of depository institutions—particularly savings and loans—have worsened. Furthermore, to the extent that funds placed in money market mutual funds are invested in different assets and different geographical locations from depository institutions' funds, the distribution of credit is affected. /Paul Sundell (202) 447-2317/

#### Upcoming Situation Reports

USDA's Economics and Statistics Service will issue the following situation reports this month:

Title	Summary Released
Cotton & Wool	May 28
Poultry & Egg	May 29
World Crop Production*	June 10
Ag Supply & Demand*	June 11
Tobacco	June 12
Dairy	June 15
World Agriculture	June 19

All reports are reviewed by the World Food and Agricultural Outlook and Situation Board (WFAOSB). Copies of the full reports will be available a week to 10 days after the summary is released. Reports can be obtained by writing to: ESS Publications, Room 0054-South Building, USDA, Washington, D.C. 20250. \*These reports, released by the WFAOSB, are issued in full on the date indicated.



## Food and Marketing

Food-industry charges for handling, processing, and retailing food products rose substantially in the first quarter. The farm-to-retail price spread, a measure of these charges, rose 4.6 percent from the previous quarter, accounting for all of the 1.9-percent increase in the retail cost of the market basket, a fixed quantity of domestically produced farm foods.

### Farm-Retail Spread To Widen More Than in 1980

The farm-to-retail price spread is expected to rise during each remaining quarter of 1981, although the gains will likely be much smaller than in the first quarter. This forecast anticipates that increases in the farm value of foods will make it more difficult for the food industry to raise margins and that marketing cost increases will moderate. For all of 1981, the farm-to-retail price spread for the market basket may average 11 to 12 percent above 1980—much higher than last year's 8.4-percent rise.

The large increase in the price spread during the first quarter accompanied a decline in farm value. Once farm prices decline, there is a lag before the changes are reflected in retail prices; therefore, the farm-to-retail price spread widens in periods of declining farm prices. Moreover, the pricing policies of food retailers and manufacturers may permit margins to widen during short-term declines in farm prices. Similarly, the farm-to-retail

### Market Basket Of Farm Foods<sup>1</sup>

Period	Retail cost	Farm value	Farm-retail spread	Farm value share of retail cost
	1967=100			
1968 . . .	103.6	105.3	102.6	38
1969 . . .	109.1	114.8	105.7	39
1970 . . .	113.7	114.0	113.5	37
1971 . . .	115.7	114.6	116.4	37
1972 . . .	121.3	125.1	119.1	38
1973 . . .	142.3	167.9	127.2	44
1974 . . .	161.9	181.5	150.4	41
1975 . . .	173.6	187.8	165.2	40
1976 . . .	175.4	178.0	173.9	38
1977 . . .	179.2	178.3	179.7	37
1978 . . .	199.4	205.6	195.7	38
1979 <sup>2</sup> . . .	222.7	228.1	219.5	38
1980 . . .	238.8	240.3	238.0	37
1979 <sup>2</sup>				
I . . .	217.4	229.5	210.4	39
II . . .	223.8	234.0	217.8	39
III . . .	224.3	223.4	224.8	37
IV . . .	225.3	225.3	225.3	37
1980 <sup>2</sup>				
I . . .	229.8	226.1	232.0	36
II . . .	233.7	226.5	237.9	36
III . . .	242.7	253.8	236.2	39
IV . . .	249.2	255.2	245.6	38
1981				
I . . .	253.9	249.2	256.8	36

<sup>1</sup> The market basket represents all foods originating on U.S. farms sold in retail food stores. The retail cost is a special index of retail prices for domestically produced foods published by the Bureau of Labor Statistics. The farm value is the payment to farmers for the farm products equivalent to foods in the market basket. The spread is the difference between the retail cost and farm value.

<sup>2</sup> Preliminary.

spread may narrow temporarily when farm prices rise sharply, which is what happened during the third quarter of 1980. This pricing policy minimizes food price changes and, thus, consumer reaction to prices. These price adjustments generally take place around a steady upward trend in the costs of food marketing.

The first-quarter price spread for the market basket was 10.7 percent larger than a year earlier. This increase mainly reflects the rising costs of the food industry, including wages and benefits of workers and prices of many inputs bought by food processors and retailers from the nonfarm economy.

### Marketing Cost Increase Tied to Inflation

The marketing cost index, measuring price changes for inputs used in food processing and distribution, averaged nearly 12.5 percent higher than a year ago in the first quarter. Prices of marketing inputs, which include a broad range of goods and services, have closely followed those in the general economy.

Prices of food marketing inputs are expected to rise further during 1981 because of continued inflation throughout the economy. Food industry workers are likely to seek higher wage increases to offset inflation. The union representing food retailing employees believes that wage demands in 1981 will approach 10 percent or slightly more, compared with the average wage settlement of about 9 percent last year. However, wage bargaining in food retailing will be comparatively light this year, with about 200,000 workers, covered by 32 major agreements, involved. Much of this year's wage increase will stem from wage increases under old contracts and from the cost of living adjustments tied to the Consumer Price Index.

### Little Change Expected in Industry Profits

Although food industry costs are rising, profit margins in 1981 are expected to average near the 1980 level and the average for the last 3 years. According to data compiled by the Federal Trade Commission, food retailers' after-tax profits in 1980 averaged 0.9 percent of sales and 13.7 percent of stockholders' equity, compared with 1.7 and 13.3 percent, respectively, for all retailers. Food manufacturers' after-tax profits averaged 3.4 percent of sales and 14.7 percent of stockholders' equity, compared with 4.9 and 14.0 percent for all manufacturers.

Food industry profit margins had declined in the second and third quarters of 1980 because of the recession, but they improved substantially in the fourth quarter as food store sales rose seasonally and farm prices leveled off. First-quarter profit margins probably declined seasonally from the fourth quarter of 1980, but likely equaled or slightly exceeded a year earlier—reflecting the weakness in farm product prices. (Denis F. Dunham (202) 447-8801)

## Food and Marketing Indicators

CPI: Total Food<sup>○</sup>

Percent  
3  
2  
1  
0  
-1

Legend: 1979 (dark gray), 1980 (medium gray), 1981 (light gray)

CPI: Food at Home<sup>○</sup>

Percent  
3  
2  
1  
0  
-1

CPI: Food Away from Home<sup>○</sup>

Percent  
3  
2  
1  
0  
-1

Farm Food Market Basket, Retail Price

Percent  
5  
4  
3  
2  
1  
0  
-1  
-2  
-3  
-4  
-5

Farm Value

Percent  
6  
4  
2  
0  
-2  
-4

Farm-to-Retail Spread

Percent  
3  
2  
1  
0  
-1  
-2

Imported Food and Fishery Products

Percent  
2  
1  
0  
-1  
-2  
-3

Marketing Cost Index

Percent  
3  
2  
1  
0  
-1  
-2

Labor Cost

Percent  
3  
2  
1  
0  
-1  
-2

Packaging Cost

Percent  
4  
3  
2  
1  
0  
-1

Rail Freight Rates

Percent  
8  
6  
4  
2  
0  
-2

Energy Rates

Percent  
6  
4  
2  
0  
-2

○CPI unadjusted.

All series expressed as percentage change from previous month.



## Inputs

### ENERGY

Because of rising OPEC prices and deregulation of crude oil, domestic prices of petroleum products will likely climb 20 to 30 percent this year from 1980's average. The increases will probably raise variable costs of producing crops and livestock 1 to 2 percent. On the bright side, however, shortfalls are unlikely, crude oil imports will probably decline for the third straight year, and gasoline consumption may significantly decrease nationwide.

Despite discussion of natural gas deregulation, it is unlikely that prices will be deregulated immediately. Completion of a study by the Department of Energy and congressional approval are not expected this year.

#### Energy Prices:

##### More Large Gains in Store

During 1981, the cost of crude oil to U.S. refiners is forecast to climb nearly 39 percent from 1980's average. Import prices are expected to be up 17 percent for the year, with rising domestic wellhead prices under decontrol accounting for the rest of the rise in refiners' cost.

The refinery acquisition cost of crude oil soared from \$3 a barrel in January 1971 to almost \$40 a barrel in January 1981, over a 1,200-percent increase. Acquisition costs climbed just over 28 percent during 1980.

Motor gasoline prices rose from \$.25 to \$1.30 a gallon during the decade. The domestic wellhead price rose from \$8.84 per barrel in 1976 to \$14.27 by 1979. Decontrol of oil under the 1978 National Energy Act allowed prices to increase to \$28.24 a barrel last year.

Import demand should slow this year because of price increases. Imports of crude oil declined from 8.8 million barrels a day in 1977 to less than 6.2 million a day in the first quarter of 1981. Import prices may increase from an average 1980 price of \$33.97 a barrel to approximately \$41, with an average price of \$38 to \$40.<sup>1</sup>

Average gasoline prices will likely rise from last year's \$1.21 a gallon to between \$1.45 and \$1.50 in 1981; diesel fuel prices may climb from \$0.98 to about \$1.25, excluding taxes. By yearend, gasoline prices are expected to be \$1.47 to \$1.56 a gallon. Distillate prices, while rising less steeply, will continue upward during the fourth quarter to end the year at \$1.21. This increase is somewhat less than originally projected because of the sluggish economy and record refiner stocks. Although much of these price increases are due to decontrol, the administration's accelerated deregulation probably will account for only 6 to 7 cents of the annual increases forecast for gasoline and diesel fuel.

Price increases for residential natural gas are expected to be more moderate; the scheduled average annual decontrol price will be 12 to 18 percent higher than 1980. Prices will probably rise from \$3.92 per thousand cubic feet last year to an average 1981 price of \$4.40 to \$4.63. Given the current economic outlook, prices will climb steadily through the year.

Electricity prices are expected to increase only 6 to 10 percent, rising from an average of 5.36 cents a kilowatt hour in 1980 to between 5.76 and 5.95 cents this year.

#### Supply Outlook:

##### Large Stocks, Falling Imports

Stocks of petroleum products remain at last year's high levels. Crude oil stocks total 381 million barrels, well above the long-run average of 325 to 350 million and close to last year's August high of 387 million. Domestic petroleum production will fall somewhat

this year as stocks are drawn down; however, because imports continue to drop, the share of domestic crude in refinery inputs will increase.

Gasoline stocks are also relatively high. They will likely fall during the year, while still satisfying demand at projected prices. Currently, all regions of the country have larger than average stocks for the spring planting season. Distillate stocks are about average, and should be sufficient for all farm activities this spring. Stocks of other fuels are higher than normal for this time of year. Coal stocks are very large—built up in anticipation of the miners' strike.

Because of large stocks and the political environment, shortages are unlikely this year. Nevertheless, the instability in the Middle East could alter this forecast, because imports still represent 37 percent of crude oil inputs to U.S. refineries.

Imports are expected to drop in 1981 as incentives to import decrease with deregulation. Last year, imports averaged 6.74 million barrels a day and had a first-quarter high of 7.90 million. Yearly average imports in 1981 will likely drop 2 to 3 percent to about 6.5 million barrels a day. Domestic oil's share of refineries' inputs may rise 60 to 65 percent, with imports falling to less than 37 percent. Net imports should drop from last year's 6.25 million to about 6 million barrels a day.

### THE EFFECTS OF DECONTROL:

#### An Historical Overview

The control of crude oil prices at the wellhead began in 1971 and continued until 1978 when the National Energy Act was passed. In 1979, the Act began a scheduled decontrol of domestic wellhead prices for select wells. Deregulation of wellhead prices was to be completed by October 1981; however, President Reagan, on taking office in January, accelerated the schedule to effect immediate deregulation.

<sup>1</sup> Projections obtained from *Short-Term Energy Outlook*, Feb. 1981, DOE, EIA-0202/6.

### Selected Fuel Prices, 1976 to 1981

	1976	1977	1978	1979	1980	Projected 1981 <sup>1</sup>
Cents per gallon						
Retail Gasoline (incl. tax) . . . . .	60.33	64.07	65.3	88.2	122.1	145-150
No. 2 Diesel (excluding tax) . . . . .	34.7	39.3	40.2	62.4	86.7	108-113
Propane (Wholesale) . . . . .	20.6	25.0	24.0	29.5	42.1	47-50
U.S. Refiners Cost of Crude Oil . . . . .	25.9	28.5	29.7	42.0	67.2	90-93
Imported Crude Oil . . . . .	32.1	34.6	34.7	51.6	80.7	89-95
Cents per mcf						
Residential Natural Gas . . . . .	104.4	226.4	262.6	323.1	391.5	440-463
Cents per Kwh						
Electricity . . . . .	3.73	4.05	4.31	4.64	5.36	5.7-6.0

Source: *Monthly Energy Review*, March 1981, U.S. Department of Energy, OOE/EIA-0035 (81-03).

<sup>1</sup>Short-Term Energy Outlook, Feb. 1981, DOE/EIA-020216.

For the farmer, the fear of fuel shortages during planting and harvest periods supersedes price considerations.

In 1971, over 10 million barrels a day of crude oil were extracted from domestic wells and sold at \$3.00 a barrel. Under price controls, crude oil from these wells could be sold for only \$5.50 a barrel, while the world market price rose to \$14.57. Domestic production dropped to 8 million barrels a day by 1978. Those refiners with access to domestic supplies were paying 38 percent of what competitors paid for imported crude. Regions heavily dependent on imported oil could not take advantage of domestically controlled oil.

Therefore, the entitlements program began, giving a subsidy to refineries purchasing imported crude. Refiners using domestic crude would pay the subsidy, thus "evening out" acquisition costs. With world crude prices rising, the entitlements program compounded disincentives for domestic production by effectively subsidizing imports.

On the demand side, the controls initially kept prices of refined petroleum products below world market levels. Domestic users were paying between one-third and one-half of European prices for gasoline and diesel fuel. As income and output expanded during 1974-78, nominal gasoline prices rose 18 percent but decreased in real terms. Therefore, consumption remained high despite a 30-percent increase in imported crude oil prices.

day in 1977 to 6.8 million by 1980. Domestic production rose from 8.2 million barrels a day in 1977 to last year's 8.6 million.

Gasoline consumption, of which the agricultural sector represents 3 percent, has decreased 11 percent since 1978. During this period, distillate oil consumption (residential heating and diesel fuel), of which agricultural production represents 6 percent, has dropped 16 percent. At the same time, the percent of profitable exploratory oil wells rose from 38 to 44 percent, and total wells completed increased over 50 percent from 17,775 to 26,985.

Over the next few years, decontrol will increase domestic production, lower imports, and reduce the potential for shortages, which particularly hamper agricultural production. Nevertheless, it will force up petroleum prices in the short term. This year's gasoline prices will likely be 20 to 25 percent higher than 1980; diesel fuel prices may rise as much as 27 percent.

However, the immediate impact of rising prices may be offset as alternative technologies, such as alcohol fuels, become more profitable and as OPEC imports continue to decline. The principal differences between the control and decontrol programs should be a decreased likelihood of shortage, a greater import price sensitivity by domestic refiners, and a short-term price increase for refined petroleum products. /Gary Reisner and Tom Lutton (202) 447-7340/

### Production and Stocks of Petroleum, 1976-1981

	1976	1977	1978	1979	1980	Projected 1981 <sup>3</sup>
—Thousand barrels a day (except stocks)—						
Crude Oil						
Domestic production . . . . .	8,132	8,345	8,707	8,552	8,595	8,450
Net imports . . . . .	7,090	8,565	8,002	7,985	6,248	6,060
Stocks <sup>1</sup> . . . . .	285,471	339,857	309,421	374,555	356,782	361,550
Refined Products						
Motor gasoline . . . . .	6,978	7,177	7,412	7,034	6,583	6,520
Stocks <sup>1</sup> . . . . .	231,387	257,578	237,956	237,082	261,113	253,780
Distillate fuel . . . . .	3,133	3,352	3,432	3,311	2,867	2,800
Stocks <sup>1</sup> . . . . .	185,948	250,260	216,439	228,712	205,081	143,810
Other products <sup>2</sup> . . . . .	7,350	7,902	8,003	8,168	7,583	7,500
Total products . . . . .	17,461	18,431	18,847	18,513	17,033	16,820

Source: *Monthly Energy Review*, March 1981, U.S. Dept. of Energy, DOE/EIA-0035 (81/03).

<sup>1</sup>Stocks as of December 31 in thousands of barrels, not including Strategic Petroleum Reserves. <sup>2</sup>Other products include residual oil, natural gas liquids, jet fuel, and fuels not classified elsewhere. <sup>3</sup>Short-Term Energy Outlook, Feb. 1981, DOE/EIA-020216.



## Transportation

Transportation regulation is now evolving from strict Federal control to more reliance on market forces. The Staggers Act of 1980 significantly altered rate-setting procedures for railroads, while two Interstate Commerce Commission (ICC) actions increased exemptions from economic regulation for trucks. Exempt shipments are not subject to ICC rate, route, or service controls; however, carriers hauling exempt shipments must follow all safety regulations.

### RAIL

**Staggers Act Gives More Rate Freedom**  
The Staggers Act gives railroads more freedom to raise and lower rates in areas where they are not the dominant form of transportation. Although the Act's full impact is not yet certain—with many sections likely to be legally challenged—the change will affect grain shippers the most within the agricultural community. While railroads carry only about 30 percent of the Nation's corn, wheat, and soybeans, they dominate long-distance shipping inaccessible to water transportation.

Inflation and the overall financial position of many railroads will continue to push up rates. Nevertheless, short-term declines have occurred. At least one rail carrier with idle cars reduced rates to encourage equipment use before the harvest rush.

### Contract Rates Spread

The Staggers Act also permits contract rates—specific agreements between a shipper and a railroad; these help promote rate stability. Agreements made since the Act was passed require a specified level of service and contain penalty clauses for shippers who fail to meet time and volume provisions. These contracts usually cover 1 to 3 years and include rate adjustment clauses.

Nineteen of the approximately 90 contracts filed since passage apply to food or agricultural products (mostly grain) and farm inputs. Nevertheless, contract rates are now also significant in phosphate rock shipments from the Southeast. While it is too early to predict contract growth, many negotiations are underway, and additional agreements covering shipments of grain for export and shipments of food in containers are anticipated.

### No More General Rate Hikes

Because of a general rate increase—one of the last permitted by law—average rates rose 4.5 percent in January. Rates for food products climbed 4.8 percent (the general increase's ceiling was 5 percent). Rates for all farm products were up 3.2 percent, but grain rates rose 4 percent.

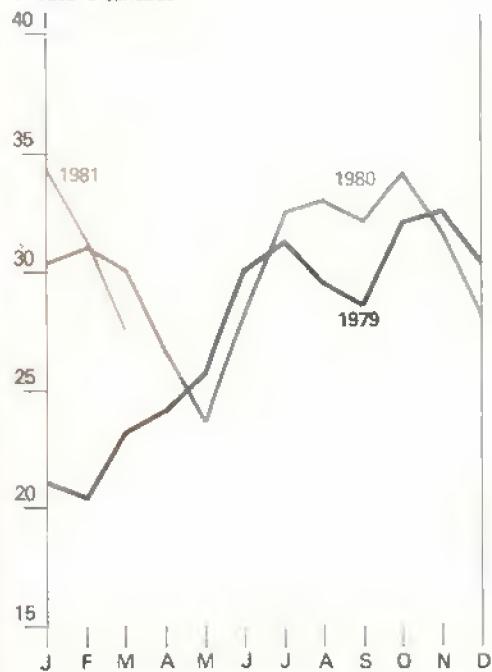
The Staggers Act allowed general rate increases to cover inflation through April 1, 1981. Through March, rates for farm and food products climbed about 7 percent because of selective increases and a widespread 1.1-percent rise to offset larger fuel charges (effective February 20). At month's end, food product rates averaged 21.7 percent above a year earlier. Rates for farm products and grain increased 15.8 and 18.2 percent, respectively. So far, rates for farm and food products have increased faster than last year.

### Railroads Dominant in Wheat Shipments

	Rail	Truck	Barge
	---Percent---		
Corn . . . . .	25	36	39
Wheat. . . . .	57	27	16
Soybeans. . . . .	15	41	44
Total . . . . .	30	35	35

### Railcar Loadings Below a Year Ago

Thousand carloads



Weekly average railcar loadings of grain and soybeans.

In April, the ICC permitted quarterly rate increases to offset inflation, measured by costs computed by the Association of American Railroads. This decision could foster continued rapid increases.

### "Piggyback" Shipping Deregulated

Effective March 23, 1981, the ICC removed economic regulations from "piggyback" service provided by railroads (trailers and containers on flat cars). This is the second deregulation experiment, following the exemption of fresh fruit and vegetable shipments in 1979.

Because of this deregulation, "piggyback" rates can now fluctuate freely. However, the ruling is being contested in court, and its impact cannot yet be estimated. Because large quantities of food, including orange juice and other citrus products, are shipped piggyback, the ruling could have far-reaching effects. In an unrelated action, the ICC added shelled walnuts to the list of exempt rail-shipped commodities.

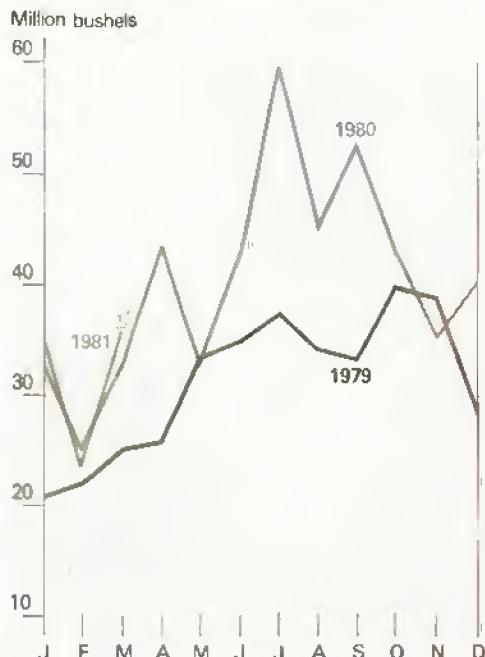
## TRUCKING

### ICC Exempts Animal Feed and Fertilizer

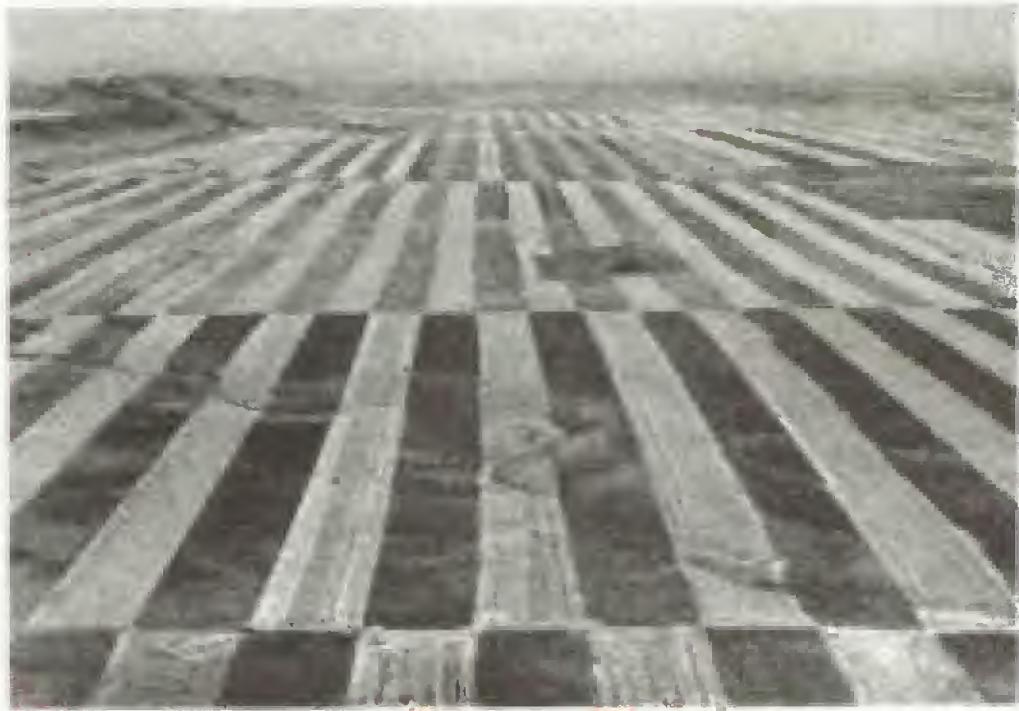
The ICC recently deregulated truck shipments of all livestock and poultry feed and ingredients that are hauled to agricultural production sites or to businesses that subsequently sell to agricultural producers. Previously, only unmanufactured agricultural commodities (including livestock and poultry) and certain seafood and poultry products were exempt.

This ruling affects about 6,000 items, ranging from soybean meal and molasses to drugs. Because most mixed feed moves only intrastate, deregulation will probably not affect these shipments. However, exemptions for soybean meal, molasses, minerals, and drugs promise to increase competition. As a result, shippers should be better able to negotiate prices and services tailored to their needs. (*T.Q. Hutchinson (202) 447-8666*)

### Barge Loadings Jump Sharply in March



U Estimated.



## U.S. Agriculture in the 1980's

This is the second in a series on the 1980's. Last month's article looked broadly at the future of world agriculture; this month, the focus is on the United States.

The 1980's will be a decade of critical adjustments in world agriculture. Demand will be growing at a record or near-record pace; production growth will slow because of resource and productivity constraints; and the world's dependence on the United States for agricultural supplies will increase. This outlook implies that some trends of the last 3 decades will be gradually reversed—in particular, the trend declines in real prices for agricultural products and the tendency for large commodity surpluses to accumulate. In this sense, the 1980's will be more like the turbulent middle and late 1970's than the relatively stable 1950's, 1960's, and early 1970's.

In the 1970's, foreign demand for U.S. farm products grew to account for 1 of every 3.5 acres planted and 30 percent of all products marketed. This compares with less than 1 of every 5 acres and 14 percent of marketings in the late 1960's and less than 1 of every 5.5 acres and 10 percent of marketings in the late 1950's. During the 1970's, foreign demand for U.S. agricultural goods grew almost 9 percent a year, while domestic demand expanded only 1.5 percent annually and U.S. agricultural output 2.8 percent.

For the United States to meet expected growth in export and domestic demand during the 1980's, our agricultural plant will have to run far closer to capacity than at any other time in the postwar period. Significantly more of this country's farm and non-farm resources will have to be employed and used more intensively. At least for the next 5 years or so, however, demand and supply will likely be fluctuating enough to cause excess supplies and surplus capacity in some years and very tight supplies in others.

### U.S. DEMAND PROSPECTS:

**Growth Rate May Rise this Decade . . .**  
Domestic demand for food and feed increased roughly 1.7 percent annually over the last 3 decades. Less than two-thirds of this growth was generated by population increases; greater affluence and abundant low-priced products caused per capita demand to rise 0.4 to 0.5 percent a year and led to dramatic shifts in demand toward grain-fed livestock products. This rate of growth was particularly impressive given the already high per capita usage levels common 2 decades ago.

Forecasters speculating about the early 1980's suggest that population- and income-related growth in demand for agricultural products could slow to possibly three-fourths the rate of the last 20 years. However, strong increases in less conventional sources of demand—including use of biomass for energy conversion—could well push growth in total demand to a near record rate of 1.6 to 1.8 percent a year.

#### ... Depending on How the Economy Performs ...

After rising 2.0 to 2.5 percent a year in the 1970's, growth in real disposable personal income is likely to slow to about 1 percent in the early 1980's. As a result, growth in consumer demand will be sluggish, dampening the economy's performance by causing circular weakness in demand for final goods. Corporate profits and other business incomes are expected to follow the same pattern.

Macroeconomic forecasters agree, however, that this is not a permanent condition; the economy could improve significantly in the middle and late 1980's as labor demographics change and the capital stock becomes more productive and energy efficient. Nevertheless, there is underlying concern that recovery from the 1980-82 slowdown will take longer than following past recessions and that the United States will have to adjust to lower equilibrium economic growth and higher inflation and unemployment in the long term.

The impact of this bearish macroeconomic outlook on demand for agricultural products is likely to be mixed. While slowed growth in real disposable income should slow demand growth, several factors will tend to minimize any slowdown. Growth in food consumption is likely to be maintained at least in part by the impact that faster-rising prices for consumer durables and nonfood nondurables are likely to have on the proportion of income available for food purchases.

On balance, income-related growth in food demand could average 0.3 to 0.4 percent a year in the early 1980's, compared with 0.4 to 0.5 percent in the 1970's. Population- and income-related growth in demand could well average 0.9 to 1.1 percent, compared with 1.2 percent last decade.

... And on Growth in Industrial Demand  
The limited supplies and rising prices for petroleum-based fuels could expand agricultural demand from less conventional sources, possibly enough to push total demand growth in the 1980's above the rate of the 1960's and 1970's. Chief among these newer sources is demand for fuel and industrial uses of farm products. As real energy prices increase 8 to 12 percent a year, biomass is likely to become an increasingly attractive feedstock for producing liquid energy. The Federal and State subsidy programs currently being implemented will concentrate most of this expanding interest in biomass energy on ethanol production for use in gasohol—with corn as the most widely used feedstock.

While the expanding demand for ethanol, and consequently for corn as feedstock, is likely to push energy-related demand up at record rates, the absolute quantities involved in the early 1980's will be limited by ethanol production capacity, the economics of alcohol production, and government policy incentives.

#### U.S. SUPPLY PROSPECTS:

##### Meeting Total Demand Growth

##### Will Be a Major Challenge

Total demand for U.S. agricultural products could grow around 3 percent a year in the early 1980's, possibly fluctuating 10 to 15 percent from year to year. Foreign and domestic demand for U.S. grains and oilseeds could increase from the 370-million-ton level of the late 1970's to 430 to 445 million by 1985—plus or minus 25 to 30 million tons depending on fluctuations in foreign output. Demand for all farm products will probably increase more slowly—around 3 percent a year—because of slower growth in cotton demand and possible declines for products such as tobacco.

The scenario outlined in this article was developed solely by USDA's Economics and Statistics Service. This article is excerpted from Patrick O'Brien's "Global Prospects for Agriculture," published in *Agricultural-Food Policy Review: Perspectives for the 1980's* (AFPR-4).

If demand indeed grows at 3 percent a year, U.S. production would have to expand roughly one and a half times faster than the average for the postwar period to date. Production rose about 2 percent a year over the 1950's and 1960's, mainly through yield increases as area was limited by government programs. In the middle and late 1970's, production increases averaged 2.8 percent a year as yields continued to improve and more acreage was brought into production.

Sustaining this growth rate in the 1980's raises serious questions. Will it be possible without committing substantially more renewable and nonrenewable resources to agriculture and without much higher returns to producers? Given the growth patterns of the last several decades, the harvested area of major crops would have to expand 15 to 20 million acres by 1985—to a level more than 130 percent of that used in the 1960's—to achieve a 3-percent annual increase in output.

In addition to expanding cropped area, the demand pressure of the early 1980's will intensify land use, generate changes in cropping patterns and increase pressure on the forage base. Even if area can be expanded 3 to 4 million acres a year, the productivity gains necessary to augment such an increase will require significantly greater use of nonland resources as well.

Raising U.S. crop yields to the necessary levels and keeping them there would require use of inputs such as fertilizers and pesticides to grow roughly 4.5 to 5.5 percent a year—about 25 to 50 percent faster than during the last 2 decades. The changing mix of inputs needed in the 1980's will also tend to make agriculture more dependent on nonfarm inputs and nonrenewable resources than during most of the earlier postwar period.

##### The Challenge Can Be Met, But at What Cost?

The acreage and productivity gains needed to expand output 3 percent a year in the late 1980's are certainly within the agricultural sector's physical capacity. The 1977 National Resource Inventory (NRI) identified an agricultural cropland base of about 460 million acres—of which roughly 360 million acres are currently harvested and 100 million are idle cropland or cropland

### U.S. Arable Area—Past and Projected

	Food Grains	Feed Grains	Oilseeds	Cotton	Tobacco	Subtotal	Total Arable Area	Subtotal as percent of total arable area
Average:	---- -Million Acres--						Percent	
1950-55 . . . . .	76.1	156.8	23.1	24.6	1.7	282.4	347.0	81
1955-60 . . . . .	57.9	162.0	29.3	15.9	1.2	266.2	328.0	81
1960-65 . . . . .	55.5	134.0	33.7	15.7	1.2	240.0	305.0	78
1965-70 . . . . .	50.9	121.2	44.1	11.3	.9	228.5	297.0	77
1970-75 . . . . .	59.6	124.4	52.3	12.9	.9	250.1	313.5	79
1975-80 . . . . .	76.3	126.9	62.7	12.5	1.0	279.4	338.5	82
1980-85 . . . . .	79.9	126.3	74.5	14.1	.9	295.8	348.0	85
1979 . . . . .	74.6	120.7	76.2	14.1	.8	286.4	340.0	84
1980 . . . . .	80.4	125.0	74.0	15.0	1.0	295.4	344.0	86
1981 . . . . .	77.9	126.0	72.6	14.3	1.0	291.7	347.0	84
1982 . . . . .	79.3	126.4	74.2	13.7	.9	294.5	350.0	84
1983 . . . . .	80.0	126.9	75.3	14.0	.9	297.1	350.0	85
1984 . . . . .	81.9	127.3	76.4	13.7	.9	300.2	350.0	86
1985 . . . . .	82.3	127.9	77.4	13.5	.9	302.0	350.0	86

pasture. The NRI identified another 35 million as having high potential for crops and 95 million as having medium potential. The potential for productivity gains through greater use of farm inputs and improved management is also favorable enough to suggest, given the NRI data, a physical capacity well in excess of foreign and domestic demand through the end of the century.

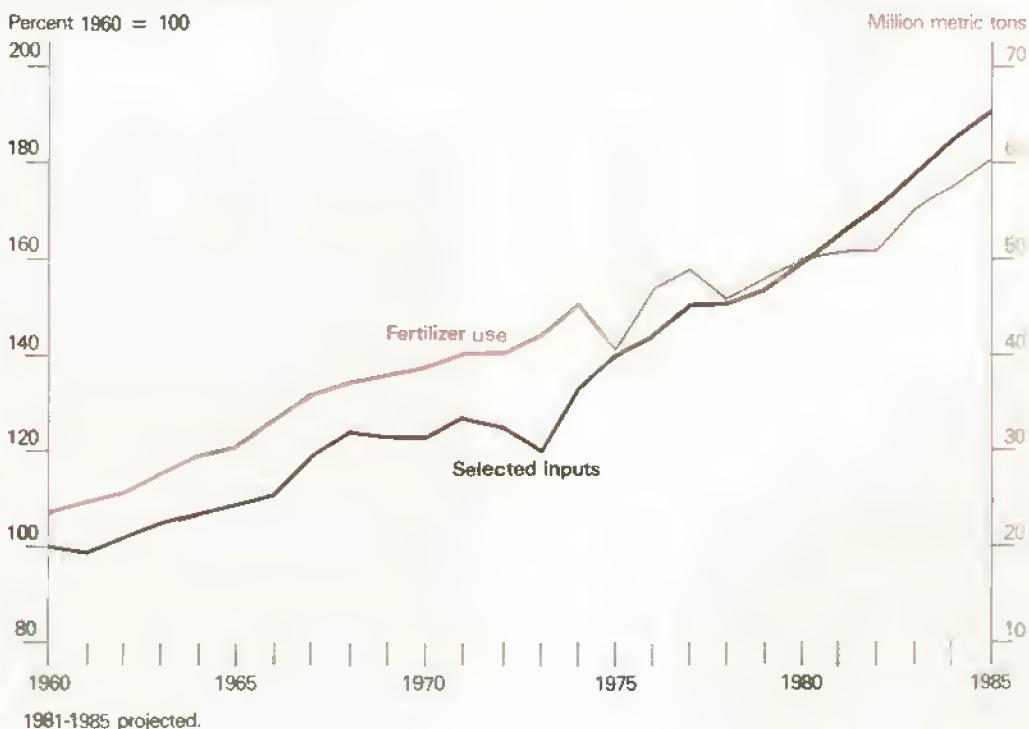
However, environmental and economic constraints could limit use of land and key yield-augmenting inputs to levels far short of the maximum measured in resource inventories and yield-potential studies. Protecting the environment while also taking steps necessary to expand production 3 percent a year over the 1980's likely will raise the costs of production in the short term.

Equally important, the economics of production will have to be significantly more favorable—both for the near and long term—before the sizable investments necessary to achieve this goal can be realized. While the opportunity cost of most resources currently locked into agriculture is low, the changing mix of resources used in agriculture and the stronger competition for resources from the rest of the economy will significantly raise the opportunity cost of expanding agricultural capacity. Any major expansion in capacity will depend on large injections of nonfarm inputs, labor, and capital—which are in demand from other sectors of the economy.

Further confounding the issue will be the impact the bearish macroeconomic outlook will have on production and producer incentives. During the next few years, growth in agricultural output will likely be hampered by the same basic problems noted for the general economy: higher prices for and possibly short supplies of key inputs. For at least three crucial inputs—energy, energy-related inputs such as fertilizer, and credit—costs are likely to keep pace with the overall rate of inflation, thus pushing the cost of producing basic food and feedstuffs up 7 to 9 percent a year.

Agriculture also faces the likelihood that productivity gains will slow in the early 1980's—further exacerbating the cost problem. The marked productivity gains of 1977-1979, which were at least partially weather-related, tended to disguise much of the period's rise in input costs; more normal weather in the early 1980's could reduce crop yields or at least slow yield growth. These factors suggest that the early 1980's—contrary to most of the postwar period—could see sharply rising nominal, and possibly real, unit costs of production, even without strong pressure to expand output.

#### Farm Use of Inputs to Accelerate



## A Turning Point for U.S. Agriculture?

These prospects all tend to support the increasingly common notion that U.S. agriculture is reaching a critical long-run turning point at which supply becomes inelastic—or at least significantly less elastic—because quality land, inputs, and management are so limited that additional output is possible only at substantially higher costs. Should this prognosis prove correct, the early 1980's will bring two fundamental changes in U.S. agriculture.

First, on average, annual increases in foreign and domestic demand will begin to outstrip the gains in the United States' productive capacity. As a result, real prices received by farmers—given normal weather—would increase; scenarios generated using several long-run equilibrium simulation models suggest real price increases of 1 to 3 percent a year, compared with annual declines averaging 1 to 2 percent since World War II. Moreover, if gains in capacity in the early 1980's due to productivity and resource growth are more than offset by losses in capacity due to unit cost increases and more stringent environmental constraints, real prices associated with the output levels needed to balance foreign and domestic demand could be substantially higher.

Second, the large price-stabilizing stocks and land reserves of the 1950's and 1960's will be conspicuously absent in the early 1980's. This would tend to make American agriculture more manageable, with supply and demand closer to market equilibrium; however, the absence of land and stock reserves would make any large and unpredictable swings in demand—particularly from abroad—a critical determinant of the state of U.S. agriculture. (*Patrick O'Brien (202) 447-8364*)



## Recent Publications

USDA's Economics and Statistics Service publishes a number of research reports, statistical supplements, handbooks, and other periodicals that may be of interest to you as an *Agricultural Outlook* reader. To order reports listed below, write directly to ESS Publications, Room 0054-South, U.S. Department of Agriculture, Washington, D.C. 20250. Be sure to list the publication number and provide your zipcode.

- Foreign Agricultural Trade of the United States - March/April 1981.  
Farm Pesticide Economic Evaluation, 1981. AER 464.  
Developments in Farm to Retail Price Spreads for Food Products in 1980. AER 465.  
Central Wastewater Collection and Treatment Feasibility Guide for Local Decisionmakers in the Rural Ozarks. AIB 445.  
Agricultural-Food Policy Review: Perspectives for the 1980's. AFPR 4.  
U.S. Foreign Agricultural Trade Statistical Report Calendar Year 1980, Supplementary Tables. A Supplement to the Monthly Foreign Agricultural Trade of the United States.

## Grain Dust: Problems and Utilization. ESS 6.

U.S. Foreign Agricultural Trade Statistical Report, Fiscal Year 1980: A Supplement to the Monthly Foreign Agricultural Trade of the United States.

Capacity-Building (Management Improvement) for Local Governments: An Annotated Bibliography. RDRR 28. Supplement for 1981 to Statistics on Cotton and Related Data, 1960-78. SB 617. Economic Indicators of the Farm Sector: State Income and Balance Sheet Statistics, 1979. SB 661.

The U.S. Wheat Economy in an International Setting: An Econometric Investigation. TB 1644.

Analysis of the Impact of Food Stamp Redemptions on Food Stores and Regions, Fiscal Year 1978. TB 1646.

Structural Change in Agriculture: The Experience for Broilers, Fed Cattle, and Processing Vegetables. TB 1648.

Western Hemisphere Agricultural Situation, Review of 1980 and Outlook for 1981. Supplement No. 5 to WAS 24.

## State Reports

To order publications issued by a State write directly to the address shown. No copies are available from the Department of Agriculture.

Iowa Fertilizer Report: Fertilizer Laboratory Analyses for Period July 1 to December 31, 1980. FA 80-2. Iowa Department of Agriculture State Chemical Laboratory, Wallace Building, Des Moines, Iowa 50319.

# Statistical Indicators

## Summary Data

### Key Statistical Indicators of the Food and Fiber Sector

	1979		1980				1981		
	Annual	f	II	III	IV p	Annual p	I f	II f	III f
Prices received by farmers (1967=100) . . . . .	241	237	229	255	263	246	262	275	279
Livestock and products . . . . .	257	251	234	259	261	251	250	270	283
Crops . . . . .	223	220	223	251	267	241	275	281	276
Prices paid by farmers, (1967=100)									
Prod. items . . . . .	248	268	271	280	288	277	294	313	316
Prod. items, int., taxes, and wages . . . . .	260	285	288	295	302	293	313	328	331
Farm income <sup>1</sup>									
Cash receipts (\$ bil.) . . . . .	131.5	137	136	143	146	140	142	148-152	154-158
Livestock (\$ bil.) . . . . .	68.6	68	66	71	72	69	70	73.75	76-79
Crops (\$bil.) . . . . .	62.8	69	70	72	73	71	72	75-77	76-79
Total gross farm income (\$ bil.) <sup>2</sup> . . . . .	149.6	153	149	155	159	154	157	166-169	175-179
Production expenses (\$ bil.) . . . . .	118.6	127	130	134	137	132	139	142-146	145-149
Net farm income (\$ bil.) . . . . .	31.0	26	19	21	22	22	18	23-25	29-32
Net cash income (\$ bil.) <sup>3</sup> . . . . .	35.8	34	30	35	35	33	29	33-35	36-39
Market basket (1967=100)									
Retail cost . . . . .	222.7	229.8	233.7	242.7	249.2	238.8	253.9	263	272
Farm value . . . . .	228.1	226.1	226.5	253.8	255.2	240.3	249.2	260	275
Spread . . . . .	219.6	232.0	237.9	236.2	245.6	238.0	256.8	264	270
Farm value/retail cost (%) . . . . .	38	36	36	39	38	37	36	37	37
Retail prices (1967=100)									
Food . . . . .	234.5	245.3	250.5	258.2	264.4	254.6	270.5	279	288
At home . . . . .	232.9	241.8	246.6	255.6	262.0	251.5	267.2	276	285
Away-from home . . . . .	242.9	258.4	264.7	269.6	275.4	267.0	283.9	291	299
Agricultural exports (\$ bil.) <sup>4</sup> . . . . .	32.0	10.3	9.7	9.5	11.7	40.5	12.1	11.0	10.5
Agricultural imports (\$ bil.) <sup>4</sup> . . . . .	16.2	4.5	4.3	4.0	4.5	17.3	5.0	4.3	4.3
Livestock and products									
Total livestock and products (1974=100)	106.3	106.7	112.0	108.7	110.9	109.6	109.8	111.9	109.3
Beef (mil. lb.) . . . . .	21,261	5,249	5,251	5,384	5,586	21,470	5,553	5,100	5,325
Pork (mil. lb.) . . . . .	15,270	4,125	4,299	3,756	4,251	16,431	4,073	3,950	3,500
Veal (mil. lb.) . . . . .	410	91	89	95	104	379	100	95	100
Lamb and mutton (mil. lb.) . . . . .	284	80	77	72	81	310	85	85	75
Red meats (mil. lb.) . . . . .	37,225	9,545	9,716	9,307	10,022	38,590	9,811	9,230	9,000
Broilers (mil. lb.) . . . . .	10,915	2,722	2,923	2,759	2,685	11,089	2,800	3,025	3,030
Turkeys (mil. lb.) . . . . .	2,182	374	523	705	701	2,303	400	555	710
Total meats and poultry (mil. lb.) . . . . .	50,322	12,641	13,162	12,771	13,408	51,982	13,015	12,810	12,740
Eggs (mil. dz.) . . . . .	5,777	1,466	1,425	1,432	1,483	5,805	1,449	1,425	1,430
Milk (bill. lb.) . . . . .	123.4	31.2	34.0	32.2	31.0	128.4	32.3	35.4	32.8
Choice steers, Omaha (\$/cwt.) . . . . .	67.75	66.88	64.65	71.15	65.51	67.05	61.99	69-72	72-76
Barrows and gilts, 7 markets (\$/cwt.) . . . . .	42.06	36.31	31.18	46.23	46.44	40.04	41.13	42-45	52-56
Broilers, 9-city wholesale (cts./lb.) . . . . .	44.4	43.0	41.1	53.3	49.9	46.8	49.3	48-51	53-57
Turkeys, N.Y., wholesale (cts./lb.) . . . . .	68.1	59.0	54.3	68.3	73.0	63.6	61.3	60-63	68-72
Eggs, Gr. A large, N.Y. (cts./dz.) . . . . .	68.2	62.1	57.0	70.3	76.9	66.6	72.6	70-73	76-80
Milk, all at farm (\$/cwt.) . . . . .	12.00	12.77	12.60	12.87	13.93	13.04	14.00	13.50-	13.65-
								13.75	13.90

<sup>1</sup> Quarterly cash receipts and expenses are seasonally adjusted at annual rates. <sup>2</sup> Includes net change in farm inventories. <sup>3</sup> Excludes inventory adjustment and noncash income and expenses. Represents cash available for capital expenditures and operator income. <sup>4</sup> Annual data are based on Oct.-Sept. fiscal years ending with the indicated year. f = forecast. p = Preliminary.

# Farm Income

Cash receipts<sup>1</sup> from farm marketings, by States, January–February

State	Livestock and products		Crops <sup>2</sup>		Total <sup>2</sup>	
	1980	1981	1980	1981	1980	1981
\$Mil.						
<b>NORTH ATLANTIC</b>						
Maine . . . . .	47.4	57.4	22.9	40.1	70.3	97.5
New Hampshire . . . . .	12.0	11.7	4.5	4.3	16.4	15.9
Vermont . . . . .	54.6	58.9	2.7	2.7	57.3	61.6
Massachusetts . . . . .	20.7	23.1	23.3	23.4	44.0	46.5
Rhode Island . . . . .	2.4	2.2	2.3	2.5	4.7	4.7
Connecticut . . . . .	28.0	31.5	34.2	40.3	62.2	71.8
New York . . . . .	263.2	291.9	90.0	115.1	353.2	406.9
New Jersey . . . . .	19.0	21.0	23.6	20.8	42.5	41.8
Pennsylvania . . . . .	302.3	337.1	140.1	121.9	442.4	459.0
<b>NORTH CENTRAL</b>						
Ohio . . . . .	242.6	235.1	276.9	367.1	519.5	602.2
Indiana . . . . .	272.0	265.8	453.4	567.3	725.3	833.1
Illinois . . . . .	377.7	370.4	1,197.7	1,344.4	1,575.3	1,714.7
Michigan . . . . .	200.1	200.6	145.8	180.2	345.9	380.9
Wisconsin . . . . .	580.5	631.2	120.8	168.9	701.3	800.1
Minnesota . . . . .	532.1	544.2	348.5	451.0	880.6	995.1
Iowa . . . . .	987.6	948.9	792.0	1,142.1	1,779.7	2,091.0
Missouri . . . . .	401.3	393.6	339.7	372.7	741.0	766.2
North Dakota . . . . .	141.0	134.4	239.3	210.1	380.3	344.6
South Dakota . . . . .	326.1	305.9	120.9	111.6	447.0	417.5
Nebraska . . . . .	670.0	634.2	492.6	439.2	1,162.6	1,073.4
Kansas . . . . .	527.4	484.3	387.3	402.4	914.7	886.7
<b>SOUTHERN</b>						
Delaware . . . . .	30.9	40.6	10.6	9.5	41.5	50.1
Maryland . . . . .	98.6	114.4	27.5	29.4	126.1	143.8
Virginia . . . . .	120.5	119.7	58.7	54.6	179.1	174.4
West Virginia . . . . .	21.9	23.0	10.6	10.3	32.5	33.2
North Carolina . . . . .	234.2	239.5	81.7	83.7	315.9	323.2
South Carolina . . . . .	67.3	66.9	64.5	44.2	131.8	111.0
Georgia . . . . .	282.2	297.8	107.9	97.3	390.2	395.1
Florida . . . . .	152.5	153.5	688.4	718.4	840.9	871.9
Kentucky . . . . .	132.3	129.4	332.9	343.5	465.2	472.9
Tennessee . . . . .	177.0	165.7	114.3	111.9	291.2	277.6
Alabama . . . . .	233.1	241.6	64.3	41.2	297.5	282.8
Mississippi . . . . .	130.9	141.6	202.7	173.5	333.6	315.0
Arkansas . . . . .	206.2	231.7	265.7	170.2	471.9	401.9
Louisiana . . . . .	94.1	88.4	160.4	169.8	254.4	258.2
Oklahoma . . . . .	372.6	335.3	198.3	165.6	570.9	500.9
Texas . . . . .	1,018.2	976.8	727.4	693.6	1,745.6	1,670.3
<b>WESTERN</b>						
Montana . . . . .	55.0	51.2	83.8	96.0	138.9	147.2
Idaho . . . . .	130.2	137.7	177.1	263.7	307.3	401.4
Wyoming . . . . .	78.0	50.1	14.6	20.0	92.6	70.0
Colorado . . . . .	456.2	446.7	116.7	201.6	573.0	648.3
New Mexico . . . . .	99.9	86.8	23.7	32.4	123.6	119.3
Arizona . . . . .	153.4	146.3	155.6	343.4	309.0	489.7
Utah . . . . .	56.9	55.3	15.5	20.4	72.4	75.7
Nevada . . . . .	25.6	25.0	12.4	11.0	38.0	36.0
Washington . . . . .	131.1	138.8	275.6	319.5	406.7	458.3
Oregon . . . . .	103.4	105.5	121.7	159.1	225.1	264.6
California . . . . .	657.9	699.7	812.5	945.8	1,470.5	1,645.6
Alaska . . . . .	0.6	0.6	0.8	0.8	1.4	1.4
Hawaii . . . . .	14.2	14.1	54.5	54.4	68.6	68.5
<b>UNITED STATES . . . . .</b>	<b>11,343.1</b>	<b>11,306.7</b>	<b>10,239.0</b>	<b>11,512.8</b>	<b>21,582.1</b>	<b>22,819.5</b>

<sup>1</sup> Estimates as of the first of current month. <sup>2</sup> Sales of farm products include receipts from loans reported minus value of redemptions during the period. Rounded data may not add.

## Cash receipts from farming

	1980												1981	
	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	
\$ Mil.														
Farm marketings and CCC loans <sup>1</sup> . . . . .	9,705	9,547	9,121	9,378	10,337	11,531	11,339	11,836	15,790	14,143	13,344	13,241	9,603	
Livestock and products . . . . .	5,572	5,580	5,450	5,476	5,373	5,672	5,802	5,470	7,072	5,981	6,005	6,099	5,207	
Meat animals . . . . .	3,639	3,499	3,302	3,265	3,234	3,337	3,615	3,151	4,697	3,628	3,594	3,723	3,116	
Dairy products . . . . .	1,236	1,374	1,379	1,466	1,366	1,374	1,369	1,325	1,389	1,368	1,448	1,497	1,408	
Poultry and eggs . . . . .	650	645	697	671	693	887	743	915	909	916	895	829	636	
Other . . . . .	47	62	72	74	80	74	75	79	77	69	68	50	47	
Crops . . . . .	4,133	3,967	3,671	3,902	4,964	5,859	5,537	6,366	8,718	8,162	7,339	7,142	4,396	
Food grains . . . . .	509	385	337	412	1,305	1,733	1,002	1,042	1,127	865	980	965	684	
Feed crops . . . . .	1,179	1,105	938	1,039	1,289	1,454	1,549	1,463	1,438	2,155	2,058	2,304	1,072	
Cotton (lint and seed) . . . . .	351	234	183	186	131	144	232	433	489	1,020	865	632	369	
Tobacco . . . . .	27	6	20	11	0	83	457	547	405	276	539	326	34	
Oil-bearing crops . . . . .	989	866	687	823	815	995	834	914	3,182	1,729	1,209	1,554	1,009	
Vegetables and melons . . . . .	307	423	434	558	591	578	635	818	811	474	411	464	463	
Fruits and tree nuts . . . . .	380	452	485	401	506	480	466	648	736	761	588	288	379	
Other . . . . .	391	496	587	472	327	392	362	501	530	882	689	409	386	
Government Payments . . . . .	41	25	113	54	30	27	53	91	162	213	293	239	174	
Total cash receipts <sup>2</sup> . . . . .	9,746	9,572	9,234	9,432	10,367	11,558	11,392	11,927	15,952	14,356	13,637	13,480	9,777	

<sup>1</sup> Receipts from loans represent value of loans minus value of redemptions during the month. <sup>2</sup> Details may not add because of rounding.

## Farm marketing indexes (physical volume)

	Annual			1980					1981		
	1978	1979	1980	Feb	Sept	Oct	Nov	Dec	Jan	Feb	
1967=100*											
All commodities . . . . .	124	127	133	121	126	173	154	146	151	113	
Livestock and products . . . . .	112	110	113	108	102	132	113	115	119	100	
Crop . . . . .	140	151	161	141	160	231	210	190	197	131	

\*The farm marketing indexes (physical volume) will shift from the 1967 base to a 1977 base in the August issue. In addition a historical series for the 1977 base will appear, together with index numbers of cash receipts from farm marketings, in the next issue of *Economic Indicators of the Farm Sector: Income and Balance Sheet Statistics*.

## Transportation Data

### Rail rates, grain and fruit and vegetable shipments

	Annual			1980				1981		
	1978	1979	1980	Mar	Oct	Nov	Dec	Jan	Feb	Mar
<b>Rail freight rate Index<sup>1</sup></b>										
All products (1969=100) . . . . .	213.0	243.4	285.4	269.8	299.0	299.6	300.3	313.9	317.7	321.4
Farm products (1969=100) . . . . .	204.9	235.0	271.8	263.5	282.8	283.5	285.3	294.4	300.7	305.2
Grain (Dec. 1978=100) . . . . .	n.a.	106.9	127.5	122.2	133.6	133.5	134.4	139.8	142.9	144.5
Food products (1969=100) . . . . .	210.0	239.5	283.7	265.7	300.0	300.9	301.2	315.7	319.7	323.3
Rail carloadings of grain (thou. cars) <sup>2</sup> . . . . .	25.8	27.5	30.1	32.7	34.8	31.4	28.1	34.4	31.1	36.3
Barge shipments of grain (mill. bu.) <sup>3</sup> . . . . .	31.3	31.2	36.7	27.7	42.6	35.1	32.0	35.3	23.5	30.2
Fresh fruit and vegetable shipments										
Rail (thou. cwt.) <sup>4</sup> <sup>5</sup> . . . . .	915	806	1,218	69.6	1,211	1,191	1,201	833	811	80.0
Truck (thou. cwt.) <sup>4</sup> <sup>5</sup> . . . . .	7,322	7,558	7,594	680.2	7,032	7,492	7,328	7,518	6,802	761.9

<sup>1</sup> Department of Labor, Bureau of Labor Statistics. <sup>2</sup> Weekly average; from Association of American Railroads. <sup>3</sup> Weekly average; from Agricultural Marketing Service, USDA. <sup>4</sup> Preliminary data for 1980. <sup>5</sup> Typical truck loads are about 40,000 pounds and average railcar loads in 1975 were about 60,000 pounds.

# Farm Prices: Received and Paid

Indexes of prices received and paid by farmers, U.S. average

	Annual			1980			1981			
	1978	1979	1980 p	Apr	Nov	Dec	Jan	Feb	Mar	Apr p
1967=100										
<b>Prices Received</b>										
All farm products . . . . .	210	241	246	225	264	265	264	263	262	261
All crops . . . . .	203	223	241	218	270	272	276	276	281	275
Food grains . . . . .	191	229	257	241	284	283	282	280	276	272
Feed grains and hay . . . . .	184	207	240	210	275	281	282	283	282	280
Feed grains . . . . .	181	204	235	204	270	277	278	279	280	277
Cotton . . . . .	245	258	317	281	345	359	342	317	321	335
Tobacco . . . . .	191	207	221	217	225	240	234	234	234	234
Oil-bearing crops . . . . .	226	249	247	209	297	294	304	294	296	288
Fruit . . . . .	224	235	207	202	218	193	190	183	202	197
Fresh market <sup>1</sup> . . . . .	234	246	212	209	221	191	188	179	203	197
Commercial vegetables . . . . .	185	194	198	206	213	226	246	281	294	259
Fresh market . . . . .	208	215	217	234	246	254	280	328	348	299
Potatoes <sup>2</sup> . . . . .	202	178	249	184	275	309	357	378	402	416
Livestock and products . . . . .	217	257	251	232	260	259	253	252	246	250
Meat animals . . . . .	226	280	262	240	262	259	253	252	245	253
Dairy Products . . . . .	210	239	259	252	278	280	280	278	274	272
Poultry and eggs . . . . .	185	192	193	167	220	227	213	210	206	202
<b>Prices paid</b>										
Commodities and services,										
Interest, taxes, and wage rates . . . . .	219	250	281	276	291	292	299	300	302	305
Production items . . . . .	217	249	277	270	289	290	293	294	297	300
Feed . . . . .	183	204	230	210	263	266	265	264	259	261
Feeder livestock . . . . .	221	293	281	273	283	282	274	270	267	272
Seed . . . . .	273	286	309	312	316	316	316	316	316	375
Fertilizer . . . . .	180	196	243	244	246	247	247	247	262	262
Agricultural Chemicals . . . . .	147	150	176	173	183	183	183	183	192	192
Fuels & Energy . . . . .	212	276	380	383	386	390	405	427	436	437
Farm & motor supplies . . . . .	171	189	221	216	231	231	234	236	236	238
Autos & trucks . . . . .	248	273	289	282	312	312	311	315	319	321
Tractors & self-propelled machinery . . . . .	259	289	323	317	337	337	337	337	348	348
Other machinery . . . . .	266	293	326	319	338	338	338	338	351	351
Building & fencing . . . . .	248	272	293	288	300	301	301	304	304	305
Farm services & cash rent . . . . .	248	265	300	300	300	300	331	331	331	331
Interest payable per acre on farm real estate debt . . . . .	400	501	640	640	640	640	699	699	699	699
Taxes on farm real estate . . . . .	210	226	216	216	216	216	226	226	226	226
Wage rates (seasonally adjusted) . . . . .	242	265	286	284	288	289	318	318	318	318
Production items, interest, taxes, and wage rates . . . . .	227	261	293	287	303	303	312	312	314	317
Prices received (1910-14=100) . . . . .	524	602	615	563	660	662	659	657	655	653
Prices paid, etc. (Parity index) (1910-14=100) . . . . .	746	649	956	937	990	994	1,016	1,020	1,028	1,036
Parity ratio <sup>3</sup> . . . . .	70	71	64	60	67	67	65	65	64	63

<sup>1</sup> Fresh market for noncitrus and fresh market and processing for citrus. <sup>2</sup> Includes sweetpotatoes and dry edible beans. <sup>3</sup> Ratio of index of prices received to index of prices paid, taxes, and wage rates. P preliminary.

Prices received by farmers, U.S. average

	Annual *			1980			1981			
	1978	1979	1980 p	Apr	Nov	Dec	Jan	Feb	Mar	Apr p
<b>Crops</b>										
All wheat (\$/bu.) . . . . .	2.82	3.51	3.88	3.58	4.32	4.22	4.21	4.17	4.09	3.99
Rice, rough (\$/cwt.) . . . . .	9.29	9.05	11.07	11.60	11.60	13.10	13.20	13.00	13.40	13.70
Corn (\$/bu.) . . . . .	2.10	2.36	2.70	2.36	3.20	3.19	3.19	3.22	3.25	3.20
Sorghum (\$/cwt.) . . . . .	3.43	3.91	4.68	3.96	5.47	5.49	5.48	5.33	5.17	5.21
All hay, baled (\$/ton) . . . . .	49.90	56.20	66.80	60.10	73.60	74.20	73.80	74.00	71.60	72.70
Soybeans (\$/bu.) . . . . .	6.28	6.86	6.75	5.63	8.18	7.80	7.80	7.50	7.59	7.33
Cotton, Upland (cts./lb.) . . . . .	55.2	58.0	71.3	63.3	77.6	80.9	76.9	71.4	72.3	75.4
Potatoes (\$/cwt.) . . . . .	3.87	3.16	4.78	3.21	5.42	6.19	7.39	7.88	8.33	8.53
Dry edible beans (\$/cwt.) . . . . .	18.60	19.60	24.80	22.60	26.30	26.40	27.50	28.30	30.00	31.10
Apples for fresh use (cts./lb.) . . . . .	16.1	14.3	17.0	17.0	12.9	11.9	11.0	12.8	12.6	11.7
Pears for fresh use (\$/ton) . . . . .	267	276	325	443	233	255	240	255	290	327
Oranges, all uses (\$/box) <sup>1</sup> . . . . .	4.70	3.34	3.26	3.22	4.25	3.12	2.87	2.46	3.59	3.28
Grapefruit, all uses (\$/box) <sup>1</sup> . . . . .	2.35	2.97	2.73	3.08	2.83	3.08	2.91	3.30	3.42	3.97
<b>Livestock</b>										
Beef cattle (\$/cwt.) . . . . .	48.50	66.00	62.40	60.60	60.00	59.40	59.30	58.70	57.60	59.80
Calves (\$/cwt.) . . . . .	58.40	88.80	76.80	75.50	72.10	70.30	69.20	70.50	69.80	71.40
Hogs (\$/cwt.) . . . . .	47.10	41.80	38.00	28.00	45.60	43.90	40.80	41.30	38.80	39.10
Lambs (\$/cwt.) . . . . .	62.80	66.70	63.60	59.20	59.90	58.40	53.70	54.80	56.60	57.60
All milk, sold to plants (\$/cwt.) . . . . .	10.60	12.00	13.00	12.70	14.00	14.10	14.10	14.00	13.80	13.70
Milk, manuf. grade (\$/cwt.) . . . . .	9.65	11.10	12.06	11.80	12.90	13.00	13.00	12.90	12.90	12.80
Broilers (cts./lb.) . . . . .	26.3	25.9	27.7	22.6	30.2	29.7	30.2	30.4	29.7	26.8
Eggs (cts./doz.) <sup>2</sup> . . . . .	52.8	58.3	56.3	52.2	65.8	72.6	64.8	62.6	60.8	64.4
Turkeys (cts./lb.) . . . . .	42.0	41.1	41.3	33.7	50.1	46.1	39.8	38.9	40.3	38.4
Wool (cts./lb.) <sup>3</sup> . . . . .	74.5	86.3	89.5	92.2	92.4	86.6	90.6	92.8	93.1	99.7

<sup>1</sup> Equivalent on-tree returns. <sup>2</sup> Average of all eggs sold by farmers including hatching eggs and eggs sold at retail. <sup>3</sup> Average local market price, excluding incentive payments. \*Calendar Year averages. p Preliminary.

## Producer and Retail Prices

### Consumer Price Index for all urban consumers, U.S. average (not seasonally adjusted)

	Annual			1980				1981		
	1980	Mar	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
		1967=100								
Consumer price index, all items . . . . .	246.8	239.8	249.4	251.7	253.9	256.2	258.4	260.5	263.2	265.1
Consumer Price Index, less food . . . . .	244.0	237.1	246.3	248.6	250.9	253.2	255.5	257.6	260.4	262.3
All food . . . . .	254.6	247.3	258.7	261.1	262.4	264.5	266.4	268.6	270.8	272.2
Food away from home . . . . .	267.0	260.9	269.5	271.4	273.1	275.3	277.7	280.9	284.7	286.1
Food at home . . . . .	251.5	243.6	256.3	258.9	260.0	262.1	263.9	265.6	267.3	268.6
Meats <sup>1</sup> . . . . .	248.8	245.7	251.1	257.8	258.7	261.1	260.0	259.7	256.4	254.4
Beef and veal . . . . .	270.3	269.1	273.1	277.5	275.8	277.9	275.3	275.3	272.3	270.3
Pork . . . . .	209.1	202.6	212.0	222.7	225.8	228.6	229.1	228.2	223.6	221.6
Poultry . . . . .	190.8	180.7	197.5	205.2	209.1	204.1	202.7	202.4	203.7	201.6
Fish . . . . .	330.2	322.6	331.8	335.8	336.6	343.0	346.9	358.0	355.0	358.8
Eggs . . . . .	169.7	164.5	178.3	179.9	175.3	185.2	206.6	190.2	188.2	180.5
Dairy products <sup>2</sup> . . . . .	227.4	220.3	229.7	230.6	232.7	235.4	238.0	240.1	242.1	242.6
Fats and oils <sup>3</sup> . . . . .	241.2	236.8	242.0	243.6	246.0	247.4	251.9	260.4	267.3	268.9
Fruits and vegetables . . . . .	246.7	232.4	258.4	257.4	254.2	253.3	255.6	257.6	267.3	278.2
Fresh . . . . .	252.6	229.9	273.0	269.6	262.3	258.3	262.0	263.9	278.1	293.9
Processed . . . . .	242.5	237.2	244.5	246.3	247.5	250.1	250.9	253.0	257.8	263.3
Cereals and bakery products . . . . .	246.4	238.6	249.2	250.3	253.7	255.8	258.5	262.9	265.3	266.7
Sugar and sweets . . . . .	341.3	313.5	355.1	361.1	369.0	381.3	386.3	385.4	385.4	383.2
Beverages, nonalcoholic . . . . .	395.8	387.1	402.8	403.9	404.9	405.5	405.2	409.7	411.9	412.2
Apparel commodities less footwear . . . . .	167.8	166.2	167.8	171.8	173.1	173.9	172.5	168.9	169.6	172.7
Footwear . . . . .	109.3	187.0	190.3	193.2	196.1	196.5	196.6	194.9	194.9	197.4
Tobacco products . . . . .	202.6	198.4	204.5	204.5	204.5	207.3	210.8	211.9	212.3	212.5
Beverages, alcoholic . . . . .	186.3	181.7	188.7	189.6	190.4	190.9	191.6	193.7	195.9	197.1

<sup>1</sup> Beef, veal, lamb, pork, and processed meat. <sup>2</sup> Includes butter. <sup>3</sup> Excludes butter.

Producer Price Indexes, U.S. average (not seasonally adjusted)

	Annual			1980				1981		
	1978	1979	1980 <sup>b</sup>	Mar	Oct	Nov	Dec	Jan	Feb	Mar
					1967=100	1967=100	1967=100			
Finished goods <sup>1</sup>	194.6	216.1	246.8	240.0	255.4	256.2	256.9	259.8	262.4	265.3
Consumer foods	206.8	226.3	239.4	233.6	248.0	248.9	248.8	250.6	250.9	251.8
Fresh fruit	213.5	232.6	237.4	237.7	223.4	219.0	220.5	203.3	211.6	217.0
Fresh and dried vegetables	200.1	201.0	219.0	182.6	233.9	248.5	244.2	282.5	298.6	332.3
Eggs	158.6	176.5	171.0	184.2	175.2	194.0	217.5	185.7	184.8	180.4
Bakery products	201.3	221.7	247.7	243.7	251.9	255.2	258.9	261.3	262.7	262.9
Meats	209.6	240.6	235.8	230.6	251.2	244.8	242.3	241.3	234.5	231.6
Beef and veal	202.2	252.2	260.2	260.8	264.9	254.6	252.0	254.7	246.1	243.8
Pork	219.1	205.0	196.7	181.8	225.9	222.6	218.7	214.8	208.7	204.0
Poultry	194.0	188.6	193.3	174.7	213.1	207.7	203.3	203.2	209.6	205.3
Fish	313.0	383.8	371.0	400.4	350.0	357.8	355.4	373.0	371.5	382.0
Dairy products	188.4	211.2	230.7	223.0	238.4	240.6	242.7	245.2	245.5	245.5
Processed fruits and vegetables	202.6	221.9	228.9	223.7	234.5	235.2	237.1	237.4	244.1	251.8
Refined sugar <sup>3</sup>	108.3	116.3	214.4	176.6	281.5	282.3	230.2	230.2	214.0	181.2
Vegetable oil and products	209.4	223.5	233.2	232.1	235.7	237.5	236.9	235.0	240.7	240.7
Consumer finished goods less foods	183.7	208.2	247.9	242.0	255.2	256.1	257.6	260.9	267.3	271.7
Beverages, alcoholic	148.2	161.4	175.6	171.3	180.0	180.9	181.2	181.7	185.2	186.4
Soft drinks	211.6	227.1	259.1	245.7	269.5	275.9	275.9	289.5	290.8	290.8
Apparel	152.4	160.4	172.2	168.0	175.5	176.0	177.0	178.6	179.3	180.1
Footwear	183.0	218.0	233.2	231.8	236.8	237.7	237.1	238.6	240.8	240.5
Tobacco Products	198.5	217.7	245.5	237.3	248.9	253.9	254.2	254.3	255.3	255.4
Intermediate materials <sup>4</sup>	215.5	242.8	280.2	274.3	287.7	289.1	291.7	295.5	297.8	301.4
Materials for food manufacturing	202.3	223.6	263.7	243.8	295.1	299.0	277.0	277.9	273.8	267.9
Flour	141.6	172.0	187.6	181.6	197.4	198.6	194.5	197.9	196.1	193.2
Refined sugar <sup>5</sup>	109.3	119.3	210.5	167.2	276.6	287.2	221.1	225.4	219.4	200.4
Crude vegetable oils	219.2	243.7	202.6	195.5	210.9	216.4	204.6	199.8	187.5	191.2
Crude materials <sup>6</sup>	240.1	282.2	304.2	293.6	322.8	324.6	320.8	321.3	335.5	333.0
Foodstuffs and feedstuffs	215.3	247.2	259.1	246.5	279.1	277.3	271.6	270.6	267.1	262.0
Fruits and vegetables <sup>7</sup>	216.5	229.0	238.5	218.5	240.4	246.4	244.7	257.7	270.4	291.6
Grains	182.5	214.8	239.0	217.9	269.2	270.9	265.2	277.7	267.4	261.8
Livestock	220.1	260.3	252.7	251.8	263.0	254.8	251.4	244.3	244.6	239.3
Poultry, live	199.8	194.3	202.1	180.1	222.9	221.0	218.9	213.1	220.8	213.5
Fibers, plant and animal	193.4	209.9	271.1	254.9	278.5	287.2	294.1	284.1	268.4	270.1
Milk	219.7	250.1	271.2	263.1	280.9	284.7	290.5	288.4	289.5	289.5
Oilseeds	224.1	245.5	249.2	217.6	283.1	295.8	310.4	316.7	296.4	294.2
Coffee, green	378.2	416.2	430.3	463.0	403.0	404.4	399.3	409.1	403.0	402.5
Tobacco, leaf	191.5	207.7	n.a.	217.7	n.a.	225.6	240.6	234.3	234.3	n.a.
Sugar, raw cane	190.2	209.8	413.0	275.2	586.6	562.3	401.8	416.8	366.1	318.0
All commodities	209.3	235.6	268.6	261.9	277.8	279.1	280.3	283.5	286.9	289.6
Industrial commodities	209.4	236.6	274.5	268.6	282.0	283.4	286.1	289.9	294.8	298.9
All foods <sup>7</sup>	206.5	266.3	244.5	234.7	258.8	259.3	253.9	255.1	253.9	253.2
Farm products and processed foods and feeds	206.6	229.8	244.6	234.9	259.4	260.5	256.5	257.3	254.9	253.1
Farm products	212.5	241.4	249.3	239.3	263.6	264.9	265.3	264.4	262.3	260.6
Processed foods and feeds	202.6	222.5	241.0	231.6	256.1	257.2	250.8	252.4	250.0	248.1
Cereal and bakery products	190.3	210.3	235.9	231.8	241.5	245.3	248.5	250.8	251.7	251.9
Sugar and confectionery	197.8	214.7	321.2	264.1	404.7	409.0	334.6	338.6	324.7	302.6
Beverages	200.0	210.7	232.4	225.9	239.5	240.6	238.1	240.4	242.2	242.8
Wholesale spot prices, 9 foodstuffs	239.1	255.6	264.3	245.0	290.3	289.4	272.6	267.7	258.5	255.0

<sup>1</sup>Commodities ready for sale to ultimate consumer. <sup>2</sup>Fresh and dried. <sup>3</sup>Consumer size packages. Dec. 1977=100. <sup>4</sup>Commodities requiring further processing to become finished goods. <sup>5</sup>For use in food manufacturing. <sup>6</sup>Products entering market for the first time which have not been manufactured at that point. <sup>7</sup>Includes all processed food (except soft drinks, alcoholic beverages, and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables. n.a. = not available.

# Farm-Retail Price Spreads

## Market basket of farm foods

	Annual			1980 p				1981		
	1978	1979	1980p	Mar	Oct	Nov	Dec	Jan	Feb	Mar
Market basket <sup>1</sup> :										
Retail cost (1967=100) . . . . .	199.4	222.7	238.8	231.2	247.3	249.2	251.1	252.4	254.0	255.4
Farm value (1967=100) . . . . .	205.6	228.1	240.3	224.6	256.7	256.8	252.1	250.4	249.1	247.9
Farm-retail spread (1967=100) . . . . .	195.7	219.6	238.0	235.1	241.7	244.7	250.4	253.6	256.9	259.7
Farm value/retail cost (%) . . . . .	38.2	37.9	37.2	35.9	38.4	38.1	37.2	36.7	36.3	35.9
Meat Products:										
Retail cost (1967=100) . . . . .	206.8	241.9	248.8	245.7	258.7	261.1	260.0	259.7	256.4	254.4
Farm value (1967=100) . . . . .	206.4	234.6	234.0	225.0	250.9	245.7	237.6	233.4	226.5	225.5
Farm-retail spread (1967=100) . . . . .	207.3	250.4	266.1	270.0	267.9	279.1	286.2	290.5	291.4	288.3
Farm value/retail cost (%) . . . . .	53.8	52.3	50.7	49.4	52.3	50.8	49.3	48.6	47.6	47.8
Dairy products:										
Retail cost (1967=100) . . . . .	185.5	207.0	227.4	220.3	232.7	235.4	238.0	240.1	242.1	242.6
Farm value (1967=100) . . . . .	204.7	234.0	254.9	245.6	263.4	266.8	269.1	272.0	272.8	273.1
Farm-retail spread (1967=100) . . . . .	168.8	183.6	203.5	198.3	206.0	208.0	210.9	212.3	215.4	216.0
Farm value/retail cost (%) . . . . .	51.4	52.6	52.2	51.9	52.7	52.8	52.6	52.7	52.4	52.4
Poultry:										
Retail cost (1967=100) . . . . .	172.9	181.5	190.8	180.7	209.1	204.1	202.7	202.4	203.7	201.6
Farm value (1967=100) . . . . .	202.1	199.4	211.7	184.5	242.6	233.0	227.7	228.1	229.1	225.0
Farm-retail spread (1967=100) . . . . .	144.7	164.2	170.5	177.0	176.7	175.1	178.5	177.5	179.1	178.9
Farm value/retail cost (%) . . . . .	57.5	54.0	54.6	50.2	57.1	56.2	55.2	55.4	55.3	54.9
Eggs:										
Retail cost (1967=100) . . . . .	157.8	172.8	169.7	164.5	175.3	185.2	206.6	190.2	188.2	180.5
Farm value (1967=100) . . . . .	178.9	199.2	190.9	186.6	190.2	221.7	249.7	208.8	212.7	203.8
Farm-retail spread (1967=100) . . . . .	127.3	134.6	139.2	132.5	153.7	132.5	144.3	163.3	152.8	146.7
Farm value/retail cost (%) . . . . .	67.0	68.1	66.5	67.1	64.1	70.7	71.4	64.9	66.8	66.8
Cereal and bakery products:										
Retail cost (1967=100) . . . . .	199.9	220.2	246.4	238.6	253.7	255.8	258.5	262.9	265.3	266.7
Farm value (1967=100) . . . . .	163.9	189.9	221.1	201.5	244.3	244.3	237.8	238.1	237.2	228.7
Farm-retail spread (1967=100) . . . . .	207.3	226.3	251.7	246.3	255.6	258.2	262.8	268.0	271.1	274.6
Farm value/retail cost (%) . . . . .	14.1	14.8	15.4	14.5	16.5	16.4	15.8	15.5	15.3	14.7
Fresh fruits:										
Retail cost (1967=100) . . . . .	230.1	258.5	271.8	249.2	283.3	266.1	257.0	250.4	260.6	269.4
Farm value (1967=100) . . . . .	237.9	237.6	242.7	228.6	236.1	222.8	198.8	179.8	205.5	197.8
Farm-retail spread (1967=100) . . . . .	226.6	267.9	284.8	258.4	304.5	285.6	283.1	282.1	285.4	301.6
Farm value/retail cost (%) . . . . .	32.0	28.5	27.7	28.4	25.8	25.9	24.0	22.2	24.4	22.7
Fresh vegetables:										
Retail costs (1967=100) . . . . .	216.2	222.5	242.2	215.5	252.4	258.0	271.5	281.1	298.0	320.8
Farm value (1967=100) . . . . .	215.7	204.3	215.8	164.8	206.7	257.4	269.3	284.0	324.0	357.2
Farm-retail spread (1967=100) . . . . .	216.5	231.1	254.7	239.3	273.9	258.3	272.5	279.7	285.8	303.7
Farm value/retail cost (%) . . . . .	31.9	29.4	28.5	24.4	26.2	31.9	31.7	32.3	34.8	35.6
Processed fruits and vegetables:										
Retail cost (1967=100) . . . . .	208.7	226.6	242.5	237.2	247.5	250.1	250.9	253.0	257.8	263.3
Farm value (1967=100) . . . . .	221.9	235.3	242.6	238.6	246.9	248.0	251.0	263.8	264.4	271.9
Farm-retail spread (1967=100) . . . . .	205.8	224.7	242.4	236.9	247.6	250.6	250.9	250.6	256.4	261.4
Farm value/retail costs (%) . . . . .	19.3	18.8	18.1	18.2	18.1	18.0	18.1	18.9	18.6	18.7
Fats and oils:										
Retail cost (1967=100) . . . . .	209.6	226.3	241.2	236.8	246.0	247.4	251.9	260.4	267.3	268.9
Farm value (1967=100) . . . . .	257.4	278.0	249.9	234.4	253.8	273.6	275.2	295.4	290.5	288.4
Farm-retail spread (1967=100) . . . . .	191.1	206.4	237.8	237.7	243.0	237.3	242.9	249.5	263.5	261.4
Farm value/retail cost (%) . . . . .	34.1	34.1	28.8	27.5	27.2	30.7	30.4	31.5	30.2	29.8

<sup>1</sup> Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods.

### Farm-retail Price spreads

	Annual			1980				1981		
	1978	1979	1980	Mar	Oct.	Nov	Dec	Jan	Feb	Mar p
<b>Beef, Choice:</b>										
Retail price <sup>1</sup> (cts./lb.) . . . . .	181.9	226.3	237.6	236.2	241.0	242.3	242.9	239.5	237.5	234.8
Net carcass value <sup>2</sup> (cts.) . . . . .	119.3	150.5	155.4	153.9	156.6	151.5	150.3	150.5	144.6	141.2
Net farm value <sup>3</sup> (cts.) . . . . .	111.1	140.8	145.0	145.1	145.2	139.1	139.9	138.0	133.9	130.4
Farm-retail spread (cts.) . . . . .	70.8	85.5	92.6	91.1	95.8	103.2	103.0	101.5	103.6	104.4
Carcass-retail spread <sup>4</sup> (cts.) . . . . .	62.6	75.8	82.2	82.3	84.4	90.8	92.6	89.0	92.9	93.6
Farm-carcass spread <sup>4</sup> (cts.) . . . . .	8.2	9.7	10.4	8.8	11.4	12.4	10.4	12.5	10.7	10.8
Farm value/retail price (%) . . . . .	61	62	61	61	60	57	58	58	56	56
<b>Pork:<sup>1</sup></b>										
Retail price <sup>1</sup> (cts./lb.) . . . . .	143.6	144.1	139.4	133.3	153.2	156.3	153.8	151.5	148.4	147.1
Wholesale value <sup>2</sup> (cts.) . . . . .	107.7	100.4	98.0	88.0	113.3	111.7	108.6	104.1	104.6	101.6
Net farm value <sup>3</sup> (cts.) . . . . .	76.6	66.6	63.2	53.6	76.1	72.9	70.9	65.6	67.3	62.6
Farm-retail spread (cts.) . . . . .	67.0	77.5	76.2	79.7	77.1	83.4	82.9	85.9	81.1	84.5
Wholesale-retail spread <sup>4</sup> (cts.) . . . . .	35.9	43.7	41.4	45.3	42.1	44.6	45.2	47.4	43.8	45.5
Farm-wholesale spread <sup>5</sup> (cts.) . . . . .	31.8	33.8	34.8	34.4	38.3	38.8	37.7	38.5	37.3	39.0
Farm value/retail price (%) . . . . .	53	46	45	40	48	47	46	43	45	43

<sup>1</sup> Estimated weighted average price of retail cuts from Pork and yield grade 3 beef carcasses. Retail Prices from USDA's meat price survey. <sup>2</sup> Value of carcass quantity equivalent to 1 lb. of retail cuts-beef adjusted for value of fat and bone byproducts. <sup>3</sup> Market value to Producer for quantity of live animal equivalent to 1 lb. retail cuts minus value of byproducts. <sup>4</sup> Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. <sup>5</sup> Represents charges made for livestock marketing, processing and transportation to city where consumed. p Preliminary.

### Price indexes of food marketing costs<sup>1</sup>

	Annual			IV	1980				1981	
	1978	1979	1980		I	II	III	IV <sup>2</sup>	I	
1967=100										
Labor-hourly earnings and benefits . . . . .	244.4	265.8	292.6	273.8	281.5	288.1	295.9	304.9	315.1	
Processing . . . . .	237.2	257.9	283.3	266.3	274.9	281.2	286.5	291.6	301.4	
Wholesaling . . . . .	239.4	260.4	283.5	269.8	276.7	281.0	284.9	293.7	303.3	
Retailing . . . . .	253.8	276.1	306.4	282.9	292.6	298.3	311.2	323.2	334.0	
Intermediate supplies and services . . . . .	212.7	240.3	281.1	255.3	269.1	279.3	284.6	291.2	303.8	
Packaging and containers . . . . .	204.7	228.4	261.5	242.9	253.2	264.1	262.5	265.7	272.6	
Paperboard boxes and containers . . . . .	179.3	202.1	234.7	213.8	227.3	235.5	235.8	241.6	255.9	
Metal cans . . . . .	260.8	293.0	325.7	306.3	309.2	331.5	331.5	330.6	330.6	
Paper bags and related products . . . . .	186.2	209.7	238.1	218.7	229.7	237.2	242.3	244.1	251.4	
Plastic films and bottles . . . . .	192.8	216.9	258.9	247.2	260.9	270.6	254.4	250.7	251.4	
Glass containers . . . . .	244.6	261.1	292.6	270.0	276.9	290.4	293.1	309.4	316.2	
Metal foil . . . . .	159.0	175.6	184.4	178.1	182.7	182.7	181.8	190.1	192.9	
Transportation services . . . . .	220.5	251.3	297.9	273.1	276.5	290.9	308.4	315.7	335.6	
Advertising . . . . .	179.2	197.4	214.5	202.7	209.0	213.3	216.5	219.3	227.8	
Fuel and power . . . . .	331.3	418.2	564.0	489.9	525.8	563.6	580.1	586.6	636.4	
Electric . . . . .	250.8	270.3	320.1	286.9	298.9	314.7	333.0	335.3	350.4	
Petroleum . . . . .	398.1	574.6	850.8	720.0	790.5	863.3	873.3	877.7	1,005.0	
Natural gas . . . . .	429.0	544.8	733.7	642.5	682.8	725.3	757.4	769.5	783.0	
Communications, water, and sewage . . . . .	147.4	148.7	153.9	149.5	150.6	152.3	155.1	157.6	161.7	
Rent . . . . .	199.2	216.4	235.4	223.0	227.2	233.5	237.5	243.5	246.4	
Maintenance and repair . . . . .	226.4	249.7	277.1	258.7	266.6	275.3	280.1	286.8	291.6	
Business services . . . . .	195.2	211.0	231.9	218.2	223.7	229.9	235.3	238.7	246.8	
Supplies . . . . .	197.9	224.3	258.8	239.2	249.4	257.9	261.4	266.4	274.7	
Property taxes and insurance . . . . .	237.2	246.9	270.6	253.9	261.5	267.3	274.2	279.8	285.3	
Interest, short-term . . . . .	156.4	213.5	240.3	256.3	277.9	210.4	188.8	284.0	284.1	
Total marketing cost index . . . . .	227.0	252.2	286.2	265.8	274.6	283.2	289.6	297.3	308.8	

<sup>1</sup> Indexes measure changes in employee wages and benefits and in prices of supplies and services used in processing, wholesaling, and retailing U.S. farm foods purchased for at-home consumption. <sup>2</sup> Preliminary.

# Livestock and Products

## Dairy:

	Annual			1980				1981		
	1978	1979	1980	Mar	Oct	Nov	Dec	Jan	Feb	Mar
<b>Milk production:</b>										
Total milk (mil. lb.)	121,461	123,411	128,425	10,946	10,455	10,076	10,491	10,739	10,093	11,426
Milk per cow (lb.)	11,243	11,488	11,875	1,016	963	927	965	988	928	1,052
Number of milk cows (thou.)	10,803	10,743	10,815	10,772	10,861	10,868	10,872	10,874	10,874	10,862
<b>Milk prices, Minnesota-Wisconsin,</b>										
3.5% fat (\$/cwt.) <sup>1</sup>	9.57	10.91	11.88	11.59	12.42	12.52	12.61	12.64	12.66	12.67
Price of 16% dairy ration (\$/ton)	138	156	177	164	192	200	203	203	201	196
Milk-feed price ratio (lb.) <sup>2</sup>	1.53	1.54	1.48	1.55	1.42	1.40	1.38	1.39	1.40	1.42
<b>Stocks, beginning</b>										
Total milk equiv. (mil. lb.) <sup>3</sup>	8,626	8,730	8,599	9,133	12,884	12,837	12,393	12,958	13,808	14,690
Commercial (mil. lb.)	4,916	4,475	5,419	5,504	6,116	6,073	5,676	5,752	6,019	6,183
Government (mil. lb.)	3,710	4,254	3,180	3,630	5,768	6,784	6,717	7,207	7,790	8,506
Imports, total equiv. (mil. lb.) <sup>3</sup>	2,310	2,305	2,107	90	248	262	368	129	125	n.a.
<b>USDA net removals:</b>										
Total milk equiv. (mil. lb.) <sup>3</sup>	2,743	2,119	8,800	307.0	432.2	435.8	580.9	1,384.7	1,451.0	1,449.6
<b>Butter:</b>										
Production (mil. lb.)	994.3	984.6	1,142.0	101.7	89.6	84.9	101.7	121.3	110.1	116.7
Stocks, beginning (mil. lb.)	184.9	206.9	177.8	205.6	302.9	301.5	302.7	304.6	332.1	372.3
Wholesale Price, Grade A Ch. (cts./lb.)	109.8	122.4	139.4	130.4	147.1	147.6	147.7	147.2	147.2	147.2
USDA net removals (mil. lb.)	112.0	81.6	257.0	4.0	16.5	15.0	17.8	51.6	49.3	42.5
Commercial disappearance (mil. lb.)	903.5	895.0	875.5	89.4	64.5	78.3	91.6	66.3	49.5	n.a.
<b>American cheese:</b>										
Production (mil. lb.)	2,074.2	2,187.7	2,354.1	194.5	186.0	177.2	200.7	212.2	198.1	224.5
Stocks, beginning (mil. lb.)	422.1	378.8	406.6	400.2	565.6	573.2	530.7	591.5	622.6	636.6
Wholesale price, Wis. assembly pt. (cts./lb.)	107.1	123.8	133.0	129.6	141.2	140.5	140.1	139.3	139.2	138.8
USDA net removals (mil. lb.)	39.7	40.2	349.7	22.6	8.8	12.4	21.1	31.9	43.5	57.5
Commercial disappearance (mil. lb.)	2,064.7	2,110.9	2,003.4	179.9	192.9	185.1	153.2	162.8	153.9	n.a.
<b>Other Cheese:</b>										
Production (mil. lb.)	1,445.5	1,527.6	1,591.4	146.6	142.1	137.8	144.6	130.6	118.4	140.9
Stocks, beginning (mil. lb.)	64.0	78.4	105.6	109.4	112.4	106.5	103.1	99.3	97.0	87.7
Commercial disappearance (mil. lb.)	1,655.5	1,730.7	1,810.8	157.6	174.8	169.8	187.9	141.7	138.5	n.a.
<b>Nonfat dry milk:</b>										
Production (mil. lb.)	920.4	908.7	1,151.0	90.1	74.2	68.5	89.4	92.0	95.3	110.0
Stocks, beginning (mil. lb.)	677.9	585.1	485.2	448.6	599.4	575.5	570.4	586.8	579.0	599.4
Wholesale price, avg. manf. (cts./lb.)	71.4	80.0	88.7	84.0	92.2	93.6	93.9	93.8	93.7	93.7
USDA net removals (mil. lb.)	285.0	255.3	634.3	26.2	38.3	32.6	39.3	55.4	60.7	73.5
Commercial disappearance (mil. lb.)	658.4	603.1	529.2	60.8	36.8	41.9	34.6	41.6	24.3	n.a.
Frozen dessert production (mil. gal.) <sup>4</sup>	1,173.5	1,152.9	1,169.4	94.2	92.9	73.8	78.4	73.0	80.5	98.4

<sup>1</sup> Manufacturing grade milk. <sup>2</sup> Pounds of 16% protein ration equal in value to 1 pound of milk. <sup>3</sup> Milk equivalent, fat-solids basis. <sup>4</sup> Ice cream, ice milk, and sherbert.  
n.a. = not available.

## Wool:

	Annual			1980				1981		
	1978	1979	1980	Mar	Oct	Nov	Dec	Jan	Feb	Mar
U.S. wool price, Boston <sup>1</sup> (cts./lb.)	189	218	245	256	253	253	253	253	268	274
Imported wool price, Boston <sup>2</sup> (cts./lb.)	230	257	265	265	271	285	296	299	297	289
<b>U.S. mill consumption, scoured</b>										
Apparel wool (thou. lb.)	102,246	106,533	113,423	9,818	10,793	8,753	10,019	10,154	11,049	n.a.
Carpet wool (thou. lb.)	13,009	10,513	9,131	859	848	569	578	750	843	n.a.

<sup>1</sup> Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2 1/4" and up. Prior to January 1976 reported as: Territory fine, good French combing and staple. <sup>2</sup> Wool price delivered at U.S. mills, clean basis, Australian 60/62's, type 64A (24 micron), including duty (25.5 cents). Duty in 1981 is 15.0 cents. Prior to January 1976 reported as: Australian 64's combing, excluding, n.a. not available.

Meat animals:

	Annual			1980				1981		
	1978	1979	1980	Mar	Oct	Nov	Dec	Jan	Feb	Mar
Cattle on feed (7-States)										
Number on feed (thou. head) <sup>1</sup>	8,927	9,226	8,454	7,443	7,251	7,791	7,964	7,863	7,505	7,126
Placed on feed (thou. head) <sup>2</sup>	22,593	19,877	18,320	1,310	2,246	1,653	1,392	1,277	1,190	1,368
Marketings (thou. head)	20,297	18,793	17,422	1,480	1,576	1,353	1,363	1,525	1,440	1,538
Other disappearance (thou. head)	1,997	1,856	1,489	117	130	127	130	110	129	119
Beef steer-corn price ratio, Omaha (bu.) <sup>3</sup>	24.8	28.7	25.1	29.9	21.3	19.5	19.5	19.1	19.3	19.4
Hog-corn price ratio, Omaha (bu.) <sup>3</sup>	22.9	18.1	14.6	15.2	15.2	13.9	13.6	12.5	13.3	12.4
Commercial slaughter (thou. head)*										
Cattle	39,552	33,678	33,804	2,571	3,220	2,711	2,927	3,004	2,657	2,915
Steers	18,526	17,363	17,155	1,393	1,533	1,300	1,405	1,521	1,355	1,566
Heifers	11,758	9,725	9,593	691	950	743	839	827	770	786
Cows	8,470	5,923	6,332	434	666	611	625	598	478	503
Bulls and stags	798	639	724	53	72	57	58	58	54	61
Calves	4,170	2,824	2,589	221	257	214	240	238	209	239
Sheep and lambs	5,369	5,017	5,574	485	532	433	484	505	440	505
Hogs	77,315	89,099	96,076	8,209	8,740	7,706	8,192	8,132	7,188	8,337
Commercial production (mil. lb.)										
Beef	24,010	21,261	21,464	1,653	2,026	1,705	1,856	1,935	1,721	1,896
Veal	600	410	379	30	37	31	35	35	30	35
Lamb and mutton	300	284	310	28	29	25	28	30	26	29
Pork	13,209	15,270	16,432	1,388	1,485	1,338	1,426	1,416	1,234	1,423

Dol. per 100 pounds

Market prices										
Slaughter cattle:										
Choice steers, Omaha	52.34	67.75	66.96	66.80	67.18	65.05	64.29	63.08	61.50	61.40
Utility cows, Omaha	36.79	50.10	45.73	48.80	45.93	43.91	42.92	41.61	43.65	43.12
Choice vealers, S. St. Paul	69.24	91.41	75.53	73.88	83.40	76.47	77.17	77.38	78.00	80.88
Feeder cattle:										
Choice, Kansas City, 600-700 lb.	58.78	83.08	75.23	77.62	76.05	73.75	72.98	72.58	70.40	68.80
Slaughter hogs:										
Barrows and gilts, 7-markets <sup>4</sup>	48.49	42.06	40.04	33.94	48.15	46.38	44.80	41.42	42.43	39.54
Feeder pigs:										
S. Mo. 40-50 lb. (per head)	48.16	35.26	30.14	29.97	37.75	37.20	34.74	31.50	36.86	36.33
Slaughter sheep and lambs:										
Lambs, Choice, San Angelo	65.33	68.45	66.64	68.62	66.19	—	61.75	57.50	57.75	56.75
Ewes, Good, San Angelo	28.97	32.82	24.68	32.75	21.90	24.00	24.33	30.50	34.12	34.00
Feeder lambs:										
Choice, San Angelo	75.61	77.53	68.36	70.50	69.75	68.67	69.33	61.75	62.25	59.00
Wholesale meat prices, Midwest <sup>5</sup>										
Choice steer beef, 600-700 lb.	80.43	101.62	104.44	103.15	105.49	101.44	100.57	99.80	96.08	94.32
Canner and Cutter cow beef	74.61	100.23	92.45	97.69	90.88	88.72	87.29	86.25	91.12	87.50
Pork loins, 8-14 lb.	95.99	91.35	84.87	76.24	96.74	91.76	92.67	97.50	96.36	91.12
Pork bellies 12-14 lb.	62.50	46.00	43.78	35.00	57.21	60.00	53.93	50.40	50.18	40.19
Hams, skinned, 14-17 lb.	86.37	77.04	73.34	67.08	87.10	86.40	80.35	65.01	67.42	68.28

	Annual			1979				1980				1981	
	1978	1979	1980	IV	I	II	III	IV	I	II	III		
Cattle on feed (23-States):													
Number on feed (thou. head) <sup>1</sup>	12,811	12,681	11,713	9,938	11,713	10,203	9,635	9,965	11,105	11,074	—		
Placed on feed (thou. head) <sup>2</sup>	29,073	26,062	24,557	8,102	5,207	5,651	6,359	7,340	5,154	—			
Marketings (thou. head)	26,645	24,600	23,183	5,756	6,145	5,630	5,731	5,677	5,999	—			
Other disappearance (thou. head) <sup>3</sup>	2,558	2,404	1,982	571	572	589	298	523	502	—			
Hogs and pigs (14-States): <sup>6</sup>													
Inventory (thou. head) <sup>1</sup>	48,308	51,370	57,130	57,160	57,130	54,805	54,840	55,160	54,780	50,105			
Breeding (thou. head) <sup>1</sup>	7,324	8,102	8,055	8,257	8,055	8,085	7,853	7,442	7,679	7,219			
Market (thou. head) <sup>1</sup>	40,984	43,268	49,075	48,863	49,075	46,720	40,987	47,738	47,083	42,886			
Farrowings (thou. head)	10,602	12,317	11,861	3,023	2,740	3,356	2,838	2,927	2,434	3,023			
Pig crop (thou. head)	75,595	87,393	85,915	21,615	19,650	24,600	20,382	21,283	17,597	—			

<sup>1</sup> Beginning of period. <sup>2</sup> Other disappearance excluded in 1973; not comparable with 1974 and 1975. <sup>3</sup> Bushels of corn equal in value to 100 pounds liveweight. <sup>4</sup> 220-240 lb. Beginning in January 1974-1975. Chicago. <sup>5</sup> Prior to Oct. 1975. Chicago. <sup>6</sup> Quarters are Dec. preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV). \* Intentions. \* Classes estimated.

Poultry and eggs:

	Annual			1980				1981		
	1978	1979	1980	Mar	Oct	Nov	Dec	Jan	Feb	Mar
<b>Eggs</b>										
Farm production (mil.)	67,300	69,325	69,665	5,955	5,951	5,798	6,046	5,992	5,396	5,981
Average number of layers on farms (mil.)	282	289	287	286	292	294	294	292	291	287
Rate of lay (eggs per layer)	239	240	242	20.8	20.4	19.8	20.6	20.5	18.6	20.8
Cartoned price, New York, grade A										
large ictcs./doz. <sup>1</sup>	61.7	68.2	66.9	64.0	69.0	80.6	81.0	75.6	71.3	71.0
Price of laying feed (\$/ton)	152	168	188	174	206	218	220	218	219	215
Egg-feed price ratio (lb.) <sup>2</sup>	6.9	6.9	6.0	6.3	5.7	6.0	6.6	5.9	5.7	5.7
Stocks, beginning of period										
Shell (thou. cases)	39	38	38	24	39	15	19	31	22	19
Frozen (mil. lb.)	29.7	25.3	23.4	23.8	29.7	29.2	25.3	24.3	24.5	24.2
Replacement chicks hatched (mil.)	492	519	487	46.3	37.2	33.8	35.8	37.1	35.7	43.8
<b>Broilers</b>										
Federally inspected slaughter, certified (mil. lb.)	9,883	10,916	11,089	899.1	987.6	785.4	911.8	965.5	849.7	—
Wholesale price, 9-city, (cts./lb.)	44.5	44.4	46.8	40.5	51.4	49.7	48.6	49.5	50.3	48.2
Price of broiler grower feed (\$/ton)	169	189	207	193	228	237	238	237	238	229
Broiler-feed price ratio (lb.) <sup>2</sup>	3.1	2.8	2.7	2.5	2.8	2.5	2.5	2.5	2.6	2.6
Stocks, beginning of period (mil. lb.)	29.4	20.1	30.6	31.1	26.8	28.4	25.1	22.4	27.1	26.8
Average weekly placements of broiler chicks, 21 States (mil.)	70.9	76.3	77.9	82.8	74.3	73.3	77.3	79.4	81.9	85.6
<b>Turkeys</b>										
Federally Inspected slaughter, certified (mil. lb.)	1,983	2,182	2,303	123.2	271.5	241.8	187.3	140.0	118.6	—
Wholesale price, New York, 8-16 lb.										
Young hens (cts./lb.)	66.7	68.1	63.8	56.8	77.0	75.0	67.0	59.4	60.7	63.8
Price of turkey grower feed (\$/ton)	182	202	223	203	247	260	261	257	255	254
Turkey-feed price ratio (lb.) <sup>2</sup>	4.6	4.1	3.5	3.5	3.9	3.8	3.5	3.1	3.1	3.2
Stocks, beginning of period (mil. lb.)	167.9	175.1	240.0	225.0	398.8	420.2	420.2	198.0	207.9	207.9
Poults hatched (mil.)	157.5	180.0	187.8	20.5	10.0	10.3	12.8	15.6	16.5	19.9

<sup>1</sup> Price of cartoned eggs to volume buyers for delivery to retailers. <sup>2</sup> Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight.

## Crops and Products

### Feed grains

	Marketing Year <sup>1</sup>			1980				1981		
	1977/78	1978/79	1979/80	Mar	Oct	Nov	Dec	Jan	Feb	Mar
<b>Wholesale prices:</b>										
Corn, No. 2 yellow, Chicago (\$/bu.)	2.26	2.54	2.81	2.60	3.43	3.43	3.54	3.56	3.49	3.48
Sorghum, No. 2 yellow, Kansas City (\$/cwt.)	3.54	4.00	4.65	4.20	5.65	5.91	5.82	5.79	5.52	5.46
Barley, feed, Minneapolis (\$/bu.)	1.68	1.80	2.16	2.06	2.77	3.03	2.75	2.81	2.90	2.63
Barley, malting, Minneapolis (\$/bu.) <sup>2</sup>	2.27	2.38	2.87	2.69	3.80	3.88	3.77	3.75	3.83	3.71
<b>Exports:</b>										
Corn (mil. bu.)	1,948	2,133	2,433	206	242	246	240	209	201	223
Feed grains (mil. metric tons) <sup>3</sup>	56.3	60.2	71.3	6.1	6.9	7.0	6.8	6.2	6.1	6.4
<b>Marketing Year<sup>1</sup></b>										
1977/78			1979				1980			
1977/78	1978/79	1979/80	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec	
<b>Corn:</b>										
Stocks, beginning (mil. bu.)	886	1,111	1,304	4,500	3,287	1,304	6,886	4,857	3,670	1,618
Domestic use:										
Feed (mil. bu.)	3,783	4,368	4,544	716	919	1,553	1,310	688	992	1,529
Food, seed, ind. (mil. bu.)	551	575	650	110	199	141	137	113	259	155
Feed grains: <sup>2</sup>										
Stocks, beginning (mil. metric tons)	29.9	41.4	46.2	136.9	100.7	55.6	206.2	144.1	107.9	60.3
Domestic use:										
Feed (mil. metric tons)	119.5	137.3	138.7	21.7	30.9	47.7	39.7	20.5	30.8	45.6
Food, seed, ind. (mil. metric tons)	19.0	19.6	21.8	4.0	6.6	4.7	4.7	4.1	8.3	5.1

<sup>1</sup> Beginning October 1 for corn and sorghum; June 1 for oats and barley. <sup>2</sup> No. 3 or better, 65% or better, plump beginning October 1977. <sup>3</sup> Aggregated data for corn, sorghum, oats, and barley. p. Preliminary.

Fats and oils:

	Marketing Year <sup>1</sup>			1980				1981		
	1977/78	1978/79	1979/80	Mar	Oct	Nov	Dec	Jan	Feb	Mar
<b>Soybeans:</b>										
Wholesale price, No. 1 yellow, Chicago (\$/bu.) . . . . .	6.11	6.75	6.25	6.06	8.07	8.71	7.71	7.50	7.31	7.32
Crushings (mil. bu.) . . . . .	927.7	1,017.8	1,123.0	102.2	99.4	98.5	94.1	92.2	79.6	—
Processing margin (\$/bu.) <sup>2</sup> . . . . .	.29	.36	.50	.25	.33	.14	.24	.20	.15	—
Exports (mil. bu.) . . . . .	723.4	753.0	875.0	69.4	60.3	75.0	74.5	71.7	55.5	—
<b>Soybean oil:</b>										
Wholesale price, crude, Decatur (cts./lb.) . . . . .	23.8	27.4	24.3	22.1	25.1	26.7	22.6	22.9	20.8	—
Production (mill. lb.) . . . . .	10,291.4	11,323.0	12,105.0	1,098.1	1,084.1	1,077.6	1,024.3	1,010.6	887.8	—
Domestic disappearance (mill. lb.) . . . . .	8,192.4	894.2	898.1	793.8	801.3	687.3	840.6	729.7	684.3	—
Exports (mill. lb.) . . . . .	2,137.1	2,334.0	2,690.0	333.0	115.2	86.9	123.0	118.7	126.5	—
Stocks, beginning (mill. lb.) . . . . .	766.6	771.0	776.0	1,204.5	1,210.2	1,373.9	1,677.3	1,738.0	1,913.1	1,977.1
<b>Soybean meal:</b>										
Wholesale Price, 44% protein, Decatur (\$/ton) . . . . .	161.87	190.10	181.90	164.60	246.40	261.40	223.70	223.50	212.50	210.40
Production (thou. ton) . . . . .	22,398.9	24,354.0	27,105.0	2,454.4	2,325.7	2,366.5	2,248.5	2,216.5	1,905.3	—
Domestic disappearance (thou. ton) . . . . .	16,287.2	1,772.0	1,923.8	1,513.5	2,263.7	2,182.2	2,305.0	1,562.1	1,140.9	—
Exports (thou. ton) . . . . .	7,642.7	6,610	7,908.0	881.1	4,520	4,534	7,515	6,606	7,598	—
Stocks, beginning (thou. ton) . . . . .	228.3	243	267.0	191.3	225.6	242.4	381.4	250.0	244	248.1
Margarine, wholesale Price, Chicago (cts./lb.) . . . . .	39.1	43.5	50.2	46.6	47.3	47.9	45.6	42.3	41.3	42.0

<sup>1</sup> Beginning September 1 for soybeans; October 1 for soy meal and oil; calendar year 1974, 1975, and 1976 for margarine. <sup>2</sup> Spot basis, Illinois shipping points.

Fruit:

	Annual			1980				1981		
	1978	1979	1980	Mar	Oct	Nov	Dec	Jan	Feb	Mar
<b>Wholesale price [indexes]:</b>										
Fresh fruit (1967=100) . . . . .	217.6	230.4	237.3	237.5	223.4	219.0	220.5	203.3	211.6	217.0
Dried fruit (1967=100) . . . . .	355.3	530.7	380.4	373.7	397.3	391.0	391.0	382.2	381.1	381.1
Canned fruit and juice (1967=100) . . . . .	213.9	240.2	256.4	253.1	258.8	261.3	260.4	239.5	267.3	271.0
Frozen fruit and juice (1967=100) . . . . .	232.0	248.5	244.3	251.3	243.1	232.7	232.7	228.8	268.5	294.9
<b>F.o.b. shipping point prices:</b>										
Apples, Yakima Valley (\$/ctn.) <sup>1</sup> . . . . .	n.a.	n.a.	n.a.	* 12.95	8.54	8.42	8.50	8.50	8.70	* 9.58
Pears, Medford, Or. (\$/box) <sup>1</sup> . . . . .	n.a.	n.a.	n.a.	* 13.65	n.a.	10.02	10.00	9.69	10.26	* 12.50
Oranges, U.S. avg. (\$/box) . . . . .	10.69	12.50	9.50	9.36	12.00	11.70	11.00	10.10	11.20	10.20
Grapefruit, U.S. avg. (\$/box) . . . . .	6.72	8.00	8.50	8.20	9.52	8.43	8.81	8.66	10.10	9.86
<b>Stocks, beginning:</b>										
Fresh apples (mil. lb.) . . . . .	<sup>3</sup> 2,624.5	<sup>3</sup> 2,789.6	<sup>3</sup> 3,222.0	1,597.2	1,550.1	4,366.5	3,980.0	3,223.0	2,634.8	2,035.8
Fresh pears (mil. lb.) . . . . .	<sup>3</sup> 195.3	<sup>3</sup> 157.6	<sup>3</sup> 206.0	77.9	435.4	350.3	357.6	205.0	170.9	118.4
Frozen fruit (mil. lb.) . . . . .	<sup>3</sup> 517.9	<sup>3</sup> 563.7	<sup>3</sup> 578.0	448.8	628.6	664.1	626.1	579.7	553.6	499.0
Frozen fruit juices (mil. lb.) . . . . .	<sup>3</sup> 714.0	<sup>3</sup> 734.3	<sup>3</sup> 1,005.4	1,287.2	1,210.1	1,102.9	948.9	1,010.4	1,185.6	1,372.6

<sup>1</sup> Red Delicious, Washington extra fancy, carton tray pack, 80-125's. <sup>2</sup> D'Anjou pears, Medford, or wrapped, U.S. No. 1, 90-135's. <sup>3</sup> Stocks as of January 1 of year listed. n.a. = not available. \* C.A. storage.

Food grains:

	Marketing year <sup>1</sup>			1980				1981		
	1977/78	1978/79	1979/80	Mar	Oct	Nov	Dec	Jan	Feb	Mar
<b>Wholesale prices:</b>										
Wheat, No. 1 HRW, Kansas City (\$/bu.) <sup>2</sup> . . . . .	2.72	3.38	4.25	4.07	4.70	4.89	4.54	4.60	4.47	4.35
Wheat, DNS, Minneapolis (\$/bu.) <sup>2</sup> . . . . .	2.66	3.17	4.16	4.04	4.62	4.78	4.62	4.65	4.53	4.32
Flour, Kansas City (\$/cwt.) . . . . .	6.60	7.81	10.03	9.81	10.60	10.68	10.35	10.66	10.40	10.28
Flour, Minneapolis (\$/cwt.) . . . . .	7.34	8.17	10.27	—	11.11	11.14	10.86	11.05	11.11	10.98
Rice, S.W. La. (\$/cwt.) <sup>3</sup> . . . . .	21.30	18.40	22.15	24.30	23.40	25.00	26.75	27.00	27.25	27.70
<b>Wheat:</b>										
Exports (mil. bu.) . . . . .	1,124	1,194	1,375	103	121	115	135	134	131	136
Mill grind (mil. bu.) . . . . .	616	622	630	49	58	55	57	58	51	—
Wheat flour production (mil. cwt.) . . . . .	275	278	284	22	26	24	25	26	23	—
<b>Marketing year<sup>1</sup></b>										
	1977/78	1978/79	1979/80	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar
<b>Wheat:</b>										
Stocks, beginning (mil. bu.) . . . . .	1,113	1,178	924	924	2,271	1,716	1,225	902	2,472	1,904
<b>Domestic use:</b>										
Food (mil. bu.) . . . . .	587	592	595	198	157	145	95	197	167	—
Feed and seed (mil. bu.) <sup>4</sup> . . . . .	272	246	188	79	10	63	35	85	30	—
Exports (mil. bu.) . . . . .	1,124	1,194	1,375	511	388	283	193	518	371	400

<sup>1</sup> Beginning June 1 for wheat and August 1 for rice. <sup>2</sup> Ordinary protein. <sup>3</sup> Long-grain, milled basis. <sup>4</sup> Feed use approximated by residual.

### Cotton:

	Marketing year <sup>1</sup>			1980				1981		
	1977/78	1978/79	1979/80	Mar	Oct	Nov	Dec	Jan	Feb	Mar
U.S. price, SLM, 1-1/16 in. (cts/lb.) <sup>2</sup> . . . . .	52.7	61.6	71.5	79.2	85.8	87.1	87.2	85.1	83.3	81.5
Northern Europe prices:										
Index (cts./lb.) <sup>3</sup> . . . . .	70.6	76.1	85.6	93.5	98.7	98.0	99.2	99.5	95.9	91.7
U.S., SM 1-1/16 in. (cts./lb.) <sup>4</sup> . . . . .	66.0	76.3	87.5	95.2	103.8	104.3	106.0	105.4	102.9	100.3
U.S. mill consumption (thou. bales) . . . . .	6,462.5	6,434.8	6,463.0	537.2	618.1	476.5	493.1	453.0	460.6	—
Exports (thou. bales) . . . . .	5,484.1	6,180.2	9,228.9	1,207.4	248.4	455.9	566.2	703.9	723.2	—

<sup>1</sup> Beginning August 1. <sup>2</sup>Average spot market. <sup>3</sup>Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths. <sup>4</sup>Memphis territory growths.

### Coffee:

	Annual			1980				1981		
	1978	1979	1980 p	Mar	Oct	Nov	Dec	Jan	Feb	Mar p
Composite green price, N.Y. (cts./lb.) . . . . .	155.15	169.50	150.67	177.14	158.83	151.91	119.87	124.80	120.18	119.82
Imports, green bean equivalent (mil.lb.) <sup>1</sup> . . . . .	2,448	2,656	2,466	194	176	202	233	251	236	*215
Annual			1979			1980			1981	
1978	1979	1980 p	Jul.-Sept	Oct.-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Jan-Mar	p
Roastings (mil. lb.) <sup>2</sup> . . . . .	2,156	2,249	2,254	497	564	568	532	510	644	*610

<sup>1</sup>Green and processed coffee. <sup>2</sup>Instant soluble and roasted coffee. p Preliminary. \*Forecast.

### Vegetables:

	Annual			1980				1981		
	1978	1979	1980	Mar	Oct	Nov	Dec	Jan	Feb	Mar
Wholesale prices:										
Potatoes, white, f.o.b. East (\$/cwt.) . . . . .	5.20	4.54	6.32	3.57	9.11	8.46	9.28	11.99	13.40	12.22
Iceberg lettuce (\$/ctrn.) <sup>1</sup> . . . . .	5.10	5.10	4.25	3.96	4.22	4.33	3.56	3.90	3.74	4.59
Tomatoes (\$/ctrn.) <sup>1</sup> . . . . .	6.65	7.86	7.57	7.40	8.54	6.52	6.11	12.49	14.74	15.06
Wholesale price index, 10 canned veg. (1967=100) . . . . .	175	191	200	184	199	221	218	219	218	219
Grower Price index, fresh commercial veg. (1967=100) . . . . .	209	215	217	210	216	246	250	280	323	346

<sup>1</sup>Std. carton 24's, f.o.b. shipping point. <sup>2</sup>5 x 6-6 x 6, f.o.b. Fla-Cal.

### Sugar:

	Annual			1980				1981		
	1978	1979	1980	Mar	Oct	Nov	Dec	Jan	Feb	Mar
U.S. raw sugar price, N.Y. (cts./lb.) <sup>1</sup> . . . . .	—	—	30.10	21.18	41.69	39.28	30.29	29.61	26.07	23.81
U.S. deliveries (thou. short tons) <sup>2</sup> <sup>3</sup> . . . . .	10,849	10,714	10,149	862	831	704	*815	*697	*674	*873

<sup>1</sup>Spot price reported by N.Y. Coffee and Sugar Exchange. Reporting resumed in mid August 1979 after being suspended November 3, 1977. <sup>2</sup>Raw value. <sup>3</sup>Excludes Hawaii. \*Preliminary.

### Tobacco:

	Annual			1980				1981		
	1978	1979	1980 <sup>1</sup>	Mar	Oct	Nov	Dec	Jan	Feb	Mar
Prices at auctions:										
Flue-cured (cts./lb.) <sup>2</sup> . . . . .	135.0	140.0	144.7	—	143.0	133.5	—	—	—	—
Burley (cts./lb.) <sup>2</sup> . . . . .	131.0	145.2	165.9	—	—	165.5	166.0	166.0	165.5	—
Domestic consumption <sup>3</sup> :										
Cigarettes (bil.) . . . . .	614.3	614.0	620.5	49.6	62.1	49.2	43.8	53.0	n.a.	n.a.
Large cigars (mil.) . . . . .	4,701	4,298	3,994	295.1	390.9	313.2	288.7	255.6	n.a.	n.a.

<sup>1</sup>Subject to revision. <sup>2</sup>Crop year July-June for flue-cured, October-September for burley. <sup>3</sup>Taxable removals. n.a. =not available.

# Supply and Utilization: Crops

## Supply and Utilization: Domestic Measure<sup>1</sup>

	Area		Production	Total Supply <sup>2</sup>	Feed and Residual	Other domestic use	Exports	Total use	Ending stocks	Farm price <sup>3</sup>
	Planted	Harvested								
	Mil. acres	Bu/acre								
<b>Wheat:</b>										
1976/77 . . . . .	80.4	70.9	30.3	2,149	2,817	74	680	950	1,704	1,113
1977/78 . . . . .	75.4	66.7	30.7	2,046	3,161	193	667	1,124	1,983	1,178
1978/79 . . . . .	66.0	56.5	31.4	1,776	2,956	159	679	1,194	2,032	924
1979/80 . . . . .	71.4	62.5	34.2	2,134	3,060	87	696	1,375	2,158	902
1980/81* . . . . .	80.4	70.9	33.4	2,370	3,274	175	715	1,525	2,320	954
<b>Rice:</b>										
1976/77 . . . . .	2.49	2.48	4,663	115.6	152.6	—	42.7	65.6	108.3	40.5
1977/78 . . . . .	2.26	2.26	4,412	99.2	139.8	—	37.7	72.8	110.5	27.4
1978/79 . . . . .	2.99	2.97	4,484	133.2	160.7	—	49.2	75.7	124.9	31.6
1979/80 . . . . .	2.89	2.87	4,599	131.9	163.6	—	48.9	82.5	131.4	25.7
1980/81* . . . . .	3.36	3.30	4,403	145.1	170.8	—	61.0	97.5	148.5	19.3
<b>Corn:</b>										
1976/77 . . . . .	84.6	71.5	88.0	6,289	6,691	3,608	513	1,684	6,805	886
1977/78 . . . . .	84.3	71.6	90.8	6,505	7,394	3,783	551	1,948	6,282	1,111
1978/79 . . . . .	81.7	71.9	101.0	7,268	8,380	4,368	575	2,133	7,076	1,304
1979/80 . . . . .	81.4	72.4	109.7	7,939	9,244	4,544	650	2,433	7,627	1,617
1980/81* . . . . .	84.1	73.1	91.0	6,648	8,266	4,100	750	2,550	7,400	866
<b>Sorghum:</b>										
1976/77 . . . . .	18.1	14.5	49.1	711	762	419	6	246	671	91
1977/78 . . . . .	16.6	13.8	56.6	781	872	461	7	214	681	191
1978/79 . . . . .	16.2	13.4	54.5	731	922	548	7	207	762	160
1979/80 . . . . .	15.3	12.9	62.7	809	969	490	7	325	822	147
1980/81* . . . . .	15.9	12.7	46.2	588	735	350	7	250	607	128
<b>Barley:</b>										
1976/77 . . . . .	9.3	8.4	45.4	383	522	171	158	66	396	126
1977/78 . . . . .	10.8	9.7	44.0	428	564	175	158	57	391	173
1978/79 . . . . .	10.0	9.2	49.2	455	638	214	170	26	410	228
1979/80 . . . . .	8.1	7.5	50.9	383	623	206	170	55	431	192
1980/81* . . . . .	8.3	7.2	49.6	359	561	165	172	75	412	149
<b>Oats:</b>										
1976/77 . . . . .	16.6	11.8	45.7	540	747	484	86	10	582	164
1977/78 . . . . .	17.7	13.5	55.8	753	919	509	75	12	606	313
1978/79 . . . . .	16.4	11.1	52.3	582	896	525	78	13	616	280
1979/80 . . . . .	14.0	9.7	54.4	527	808	488	80	4	572	236
1980/81* . . . . .	13.4	8.6	53.0	458	695	450	80	10	640	155
<b>Soybeans:</b>										
1976/77 . . . . .	50.3	49.4	26.1	1,289	1,534	477	790	564	1,431	103
1977/78 . . . . .	59.0	57.8	30.6	1,767	1,870	482	927	700	1,709	161
1978/79 . . . . .	64.7	63.7	29.4	1,869	2,030	499	1,018	739	1,856	174
1979/80 . . . . .	71.6	70.6	32.1	2,268	2,442	485	1,123	875	2,083	359
1980/81* . . . . .	70.1	67.9	26.8	1,817	2,176	491	1,050	760	1,901	275
<b>Soybean oil:</b>										
1976/77 . . . . .	—	—	—	8,578	9,829	—	7,511	1,547	9,058	771
1977/78 . . . . .	—	—	—	10,288	11,059	—	8,273	2,057	10,330	729
1978/79 . . . . .	—	—	—	11,323	12,052	—	8,942	2,334	11,276	776
1979/80 . . . . .	—	—	—	12,105	12,881	—	8,981	2,690	11,671	1,210
1980/81* . . . . .	—	—	—	11,550	12,760	—	9,150	1,750	10,900	1,860
<b>Soybean meal:</b>										
1976/77 . . . . .	—	—	—	18,488	18,843	—	14,056	4,559	18,615	228
1977/78 . . . . .	—	—	—	22,371	22,599	—	16,276	6,080	22,356	243
1978/79 . . . . .	—	—	—	24,354	24,597	—	17,720	6,610	24,330	190.1
1979/80 . . . . .	—	—	—	27,105	27,372	—	19,238	7,908	27,146	226
1980/81* . . . . .	—	—	—	25,094	25,320	—	18,350	6,700	25,050	270

See footnotes at end of table.

Supply and Utilization—Domestic Measure, Continued

	Area		Yield	Production	Total <sup>3</sup> Supply	Feed and Resid- ual	Other domes- tic use	Ex- ports	Total use	Ending stocks	Farm price <sup>3</sup>
	Planted	Harves- ted									
Mil. bales											
Cotton:											
1976/77 . . . . .	11.6	10.9	465	10.6	14.3	—	6.7	4.8	11.5	2.9	64.1
1977/78 . . . . .	13.7	13.3	520	14.4	17.3	—	6.5	5.5	12.0	5.3	52.3
1978/79 . . . . .	13.4	12.4	420	10.9	16.2	—	6.4	6.2	12.5	4.0	58.4
1979/80 . . . . .	14.0	12.8	547	14.6	18.6	—	6.5	9.2	15.7	3.0	63.4
1980/81* . . . . .	14.6	13.0	411	11.1	14.2	—	5.8	6.0	11.8	2.5	—

Supply and Utilization—Metric Measure

	Mil. hectares		Metric tons/ha								\$/metric ton								
	Mil. metric tons																		
Mil. metric tons (rough equiv.)																			
Wheat:																			
1976/77 . . . . .	32.5	28.7	2.04	58.5	76.7	2.1	18.5	25.8	46.4	30.3	100								
1977/78 . . . . .	30.5	27.0	2.06	55.6	86.0	5.2	18.1	30.6	53.9	32.1	86								
1978/79 . . . . .	26.7	22.9	2.11	48.3	80.4	4.3	18.5	32.5	55.3	25.1	109								
1979/80 . . . . .	28.9	25.3	2.30	58.1	83.3	2.4	18.9	37.4	58.7	24.6	139								
1980/81* . . . . .	32.5	28.7	2.25	64.5	89.1	2.0	19.6	41.5	63.1	26.0	145-149								
Rice:																			
1976/77 . . . . .	1.0	1.0	5.23	5.2	6.9	0.2	1.9	3.0	4.9	1.8	155								
1977/78 . . . . .	.9	.9	4.95	4.5	6.3	0.1	1.7	3.3	5.0	1.2	209								
1978/79 . . . . .	1.2	1.2	5.03	6.1	7.3	0.2	2.3	3.4	5.7	1.4	180								
1979/80 . . . . .	1.2	1.2	5.15	6.0	7.4	0.3	2.2	3.7	5.9	1.2	231								
1980/81* . . . . .	1.4	1.3	4.94	6.6	7.8	0.2	2.3	4.4	6.7	.9	254-276								
Corn:																			
1976/77 . . . . .	34.2	28.9	5.52	159.7	170.0	91.6	13.0	42.8	147.5	22.5	85								
1977/78 . . . . .	34.1	29.0	5.70	165.2	187.8	96.1	14.0	49.5	159.6	28.2	80								
1978/79 . . . . .	33.1	29.1	6.34	184.6	212.8	111.0	14.6	54.2	179.7	33.1	89								
1979/80 . . . . .	32.9	29.3	6.89	201.7	234.8	115.4	16.5	61.8	193.7	41.1	99								
1980/81* . . . . .	34.0	29.6	5.71	168.9	210.0	104.1	19.1	64.8	188.0	22.0	122-128								
Feed Grain:																			
1976/77 . . . . .	52.0	43.0	4.51	194.0	211.5	113.1	17.9	50.6	181.6	29.9	—								
1977/78 . . . . .	52.4	43.9	4.68	205.3	235.5	119.0	18.8	56.3	194.1	41.4	—								
1978/79 . . . . .	50.3	42.7	5.19	221.5	263.2	137.1	19.7	60.2	217.0	46.2	—								
1979/80 . . . . .	48.1	41.5	5.74	238.2	284.7	139.4	21.6	71.3	232.3	52.4	—								
1980/81* . . . . .	49.3	41.1	4.82	198.2	250.9	123.2	24.1	72.9	220.2	30.7	—								
Soybeans:																			
1976/77 . . . . .	20.4	20.0	1.76	35.1	41.7	4.2.1	21.5	15.3	38.9	2.8	250								
1977/78 . . . . .	23.9	23.4	2.06	48.1	50.9	4.2.2	25.2	19.1	46.5	4.4	216								
1978/79 . . . . .	26.2	25.8	1.98	50.9	55.3	4.2.8	27.7	20.1	50.6	4.7	245								
1979/80 . . . . .	29.0	28.6	2.16	61.7	66.4	4.2.3	30.6	23.8	56.7	9.8	231								
1980/81* . . . . .	28.4	27.5	1.80	49.4	59.2	4.2.5	28.6	20.7	51.7	7.5	277								
Soybean oil:																			
1976/77 . . . . .	—	—	—	3.89	4.46	—	3.41	.70	4.11	.35	52.9								
1977/78 . . . . .	—	—	—	4.67	5.02	—	3.75	.93	4.69	.33	542								
1978/79 . . . . .	—	—	—	5.14	5.47	—	4.06	1.06	5.12	.35	604								
1979/80 . . . . .	—	—	—	5.49	5.84	—	4.07	1.22	5.29	.55	536								
1980/81* . . . . .	—	—	—	5.24	5.79	—	4.15	.79	4.94	.84	518								
Soybean meal:																			
1976/77 . . . . .	—	—	—	16.77	17.09	—	12.75	4.14	16.89	.21	220								
1977/78 . . . . .	—	—	—	20.29	20.50	—	14.77	5.52	20.28	.22	181								
1978/79 . . . . .	—	—	—	22.09	22.31	—	16.08	6.00	22.07	.24	210								
1979/80 . . . . .	—	—	—	24.59	24.83	—	17.45	7.17	24.63	.21	201								
1980/81* . . . . .	—	—	—	22.77	22.97	—	16.65	6.08	22.72	.25	248								
Cotton:																			
1976/77 . . . . .	4.7	4.4	.52	2.31	3.11	—	1.46	1.05	2.50	.63	1.41								
1977/78 . . . . .	5.5	5.4	.58	3.14	3.77	—	1.42	1.20	2.61	1.15	1.15								
1978/79 . . . . .	5.4	5.0	.47	2.36	3.53	—	1.39	1.35	2.72	.87	1.29								
1979/80 . . . . .	5.6	5.2	.61	3.19	4.05	—	1.42	2.00	3.42	.65	1.40								
1980/81* . . . . .	5.9	5.3	.46	2.42	3.09	—	1.26	1.31	2.57	.54	—								

\*April 24, 1981 Supply and Demand Estimates. <sup>1</sup> Marketing year beginning June 1 for wheat, barley, and oats; August 1 for cotton and rice, September 1 for soybeans, and October 1 for corn, sorghum, soymeal, and soyoil. <sup>2</sup> Includes imports. <sup>3</sup> Season average. <sup>4</sup> Includes seed. <sup>5</sup> Upland and extra long staple. Stock estimates based on Census Bureau data which results in an unaccounted difference between supply and use estimates and changes in ending stocks. <sup>6</sup> Conversion factors: Hectare (ha.) = 2.471 acres, 1 metric ton = 2,204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 49.9296 bushels of barley, 69.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 480-pound bales of cotton. <sup>7</sup> Statistical discrepancy.

# General Economic Data

## Gross national product and related data

	Annual			1979				1980				1981
	1978	1979	1980 p	II	III	IV	I	II	III	IV	I p	
	\$ bil. (Quarterly data seasonally adjusted at annual rates)											
Gross national product <sup>1</sup> . . . . .	2,156.1	2,413.9	2,626.1	2,374.6	2,444.1	2,496.3	2,571.7	2,564.8	2,637.3	2,730.6	2,826.8	
Personal consumption expenditures . . . . .	1,348.7	1,510.9	1,672.8	1,478.0	1,529.1	1,582.3	1,631.0	1,626.8	1,682.2	1,751.0	1,805.4	
Durable goods . . . . .	199.3	212.3	211.9	207.4	213.3	216.1	220.9	194.4	208.8	223.3	238.1	
Nondurable goods . . . . .	529.8	602.2	675.7	586.4	611.5	639.2	661.1	664.0	674.2	703.5	724.4	
Clothing and shoes . . . . .	91.9	98.9	104.8	97.0	100.3	102.5	102.2	102.3	105.3	109.4	113.2	
Food and beverages . . . . .	276.4	312.1	345.7	306.0	314.3	329.0	336.2	338.4	347.7	360.4	370.0	
Services . . . . .	619.6	696.3	785.2	684.2	704.3	727.0	749.0	768.4	799.2	824.2	842.8	
Gross private domestic investment . . . . .	375.3	415.8	395.3	423.2	421.7	410.0	415.6	390.9	377.1	397.7	423.1	
Fixed investment . . . . .	353.2	398.3	401.2	390.1	408.3	410.8	413.1	383.5	393.2	415.1	431.0	
Nonresidential . . . . .	242.0	279.7	296.0	272.9	288.5	290.2	297.8	289.8	294.0	302.1	314.7	
Residential . . . . .	111.2	118.6	105.3	117.2	119.8	120.6	115.2	93.6	99.2	113.0	116.3	
Change in business inventories . . . . .	22.2	17.5	-5.9	33.1	13.3	-8	2.5	7.4	-16.0	-17.4	-7.9	
Net exports of goods and services . . . . .	-6	13.4	23.3	8.2	17.9	7.6	8.2	17.1	44.5	23.3	24.3	
Exports . . . . .	219.8	281.3	339.8	266.8	293.1	306.3	337.3	333.3	342.4	346.1	371.5	
Imports . . . . .	220.4	267.9	316.5	258.6	275.2	298.7	329.1	316.2	297.9	322.7	347.2	
Government purchases of goods and services . . . . .	432.6	473.8	534.7	465.1	475.4	496.4	516.8	530.0	533.5	558.6	574.1	
Federal . . . . .	153.4	167.9	198.9	163.6	165.1	178.1	190.0	198.7	194.9	212.0	219.6	
State and local . . . . .	279.2	305.9	335.8	301.6	310.4	318.3	326.8	331.3	338.6	346.6	354.5	
1972 \$bil. (Quarterly data seasonally adjusted at annual rates)												
Gross national product . . . . .	1,436.9	1,483.0	1,480.7	1,473.4	1,488.2	1,490.6	1,501.9	1,463.3	1,471.9	1,485.6	1,509.2	
Personal consumption expenditures . . . . .	904.8	930.9	935.1	922.8	933.4	941.6	943.4	919.3	930.8	946.8	957.8	
Durable goods . . . . .	146.3	146.6	135.8	144.2	146.7	146.0	145.4	126.2	132.6	139.1	146.6	
Nondurable goods . . . . .	345.7	354.6	358.4	350.6	355.4	361.3	361.5	356.6	354.9	360.4	363.8	
Clothing and shoes . . . . .	73.3	76.6	78.0	75.3	77.4	78.4	76.9	76.7	78.3	80.1	82.9	
Food and beverages . . . . .	172.5	176.7	181.4	174.7	177.4	181.3	183.6	182.2	180.1	180.0	181.1	
Services . . . . .	412.8	429.6	440.9	428.0	431.3	434.3	436.5	436.5	443.3	447.3	447.4	
Gross private domestic investment . . . . .	229.7	232.6	203.6	238.7	232.6	221.5	218.3	200.5	195.3	200.5	206.6	
Fixed investment . . . . .	215.8	222.5	206.6	220.4	225.0	222.2	219.2	199.2	200.2	207.6	212.4	
Nonresidential . . . . .	153.4	163.3	158.4	161.3	166.4	164.1	165.0	156.1	155.5	157.0	161.7	
Residential . . . . .	62.4	59.1	48.1	59.1	58.6	58.1	54.2	43.1	44.7	50.6	50.7	
Change in business inventories . . . . .	14.0	10.2	-2.9	18.4	7.6	-7	-9	1.3	-5.0	-7.2	-5.7	
Net exports of goods and services . . . . .	24.6	37.7	52.0	31.6	41.1	42.2	50.1	51.7	67.6	48.5	51.8	
Exports . . . . .	127.5	146.9	161.1	140.5	151.3	154.8	165.9	160.5	160.5	157.4	164.9	
Imports . . . . .	103.0	109.2	109.1	108.8	110.2	112.6	115.8	108.9	102.8	108.9	113.1	
Government purchases of goods and services . . . . .	277.8	281.8	290.0	280.3	281.1	285.3	290.1	291.9	288.2	289.8	292.9	
Federal . . . . .	99.8	101.7	108.1	100.8	99.9	103.1	107.6	110.7	106.9	107.4	110.6	
State and local . . . . .	178.0	180.1	181.9	179.4	181.2	182.2	182.5	181.2	181.3	182.4	182.3	
New plant and equipment expenditures (\$bil.) . . .	231.24	270.46	295.63	265.24	273.15	284.30	291.89	294.36	296.23	299.58	310.10	
Implicit price deflator for GNP (1972=100) . . .	150.05	162.77	177.36	161.17	164.23	167.47	171.23	175.28	179.18	183.81	187.30	
Disposable income (\$bil.) . . . . .	1,462.9	1,641.7	1,821.7	1,612.9	1,663.8	1,710.1	1,765.1	1,784.1	1,840.6	1,897.0	1,945.5	
Disposable income (1972 \$bil.) . . . . .	981.5	1,011.5	1,018.4	1,006.9	1,015.7	1,017.7	1,021.0	1,008.2	1,018.5	1,025.8	1,032.2	
Per capita disposable income (\$) . . . . .	6,688	7,441	8,176	7,320	7,533	7,722	7,953	8,020	8,249	8,479	8,679	
Per capita disposable income (1972 \$) . . . . .	4,487	4,584	4,571	4,570	4,598	4,596	4,600	4,532	4,565	4,585	4,604	
U.S. population, tot, incl. military abroad (mil.)* .	218.7	220.6	227.6	220.3	220.9	221.5	221.9	227.3	228.0	228.6	229.0	
Civilian population (mil.)*. . . . .	216.6	218.5	225.5	218.3	218.8	219.4	219.8	225.2	225.8	226.4	226.8	

See footnotes at end of next table.

## Selected monthly indicators

	Annual			1980				1981		
	1978	1979	1980 p	Mar	Oct	Nov	Dec	Jan	Feb	Mar q
Monthly data seasonally adjusted except as noted										
Industrial production, total <sup>2</sup> (1967=100) . . . . .	146.1	152.5	147.1	152.1	146.9	149.4	151.0	151.7	151.1	151.7
Manufacturing (1967=100) . . . . .	146.8	153.6	146.6	152.1	146.4	149.1	150.6	151.1	150.4	151.0
Durable (1967=100) . . . . .	139.7	146.4	136.6	143.4	135.8	139.3	140.6	141.3	140.1	141.3
Non durable (1967=100) . . . . .	156.9	164.0	161.1	164.7	161.8	163.3	165.0	165.3	165.2	165.0
Leading economic indicators <sup>1,4</sup> (1967=100) . . . . .	141.8	140.1	131.7	131.5	136.3	137.8	137.3	135.9	135.2	137.1
Employment <sup>5</sup> (Mil. persons) . . . . .	94.4	96.9	97.3	97.6	97.2	97.3	97.7	97.9	97.9	98.4
Unemployment rate <sup>6</sup> (%) . . . . .	6.0	5.8	7.1	6.3	7.6	7.5	7.4	7.4	7.3	7.3
Personal income <sup>1</sup> (\$bil. annual rate) . . . . .	1,721.8	1,943.8	2,160.2	2,101.0	2,234.3	2,257.6	2,276.6	2,301.0	2,317.3	2,334.9
Hourly earnings in manufacturing <sup>3</sup> (\$) . . . . .	6.17	6.69	7.27	7.06	7.49	7.59	7.69	7.73	7.74	7.79
Money stock (daily average) <sup>3</sup> (\$bil.) . . . . .	360.1	386.9	411.9	391.4	412.0	415.0	411.9	416.0	417.3	421.6
Time and savings deposits (daily average) (\$bil.) . . . . .	1,204.3	1,292.2	1,404.8	1,308.5	1,367.6	1,388.2	1,404.8	1,414.0	1,417.5	1,414.6
Three-month Treasury bill rate <sup>2</sup> (%) . . . . .	7.221	10.041	11.506	15.526	11.580	13.888	15.661	14.724	14.905	13.478
Aaa corporate bond yield (Moody's) <sup>6</sup> (%) . . . . .	8.73	9.63	11.94	12.96	12.31	12.97	13.21	12.81	13.35	13.33
Interest rate on new home mortgages <sup>6</sup> (%) . . . . .	9.54	10.77	12.65	12.62	12.61	13.04	13.28	13.26	13.54	14.02
Housing starts, private (including farm) (thous.) . . . . .	2,020.3	1,745.1	1,292.0	1,040	1,519	1,550	1,535	1,660	1,214	1,284
Auto sales at retail, total <sup>1</sup> (mil.) . . . . .	11.3	10.6	9.0	9.6	9.2	9.3	8.9	9.7	10.5	10.4
Business sales, total <sup>1</sup> (\$bil.) . . . . .	254.6	289.1	311.9	306.2	326.8	329.6	339.4	345.6	345.2	—
Business inventories, total <sup>1</sup> (\$bil.) . . . . .	380.8	426.8	456.4	438.9	455.3	456.7	461.7	465.1	470.0	—
Sales of all retail stores (\$bil.) <sup>1,4</sup> . . . . .	66.9	74.3	79.5	77.6	81.6	82.8	83.4	85.5	86.9 p	86.9
Durable goods stores (\$bil.) . . . . .	23.2	25.3	24.8	24.1	25.3	26.1	26.0	27.1	28.5 p	28.5
Non durable goods stores (\$bil.) . . . . .	43.6	49.1	54.7	53.5	56.3	56.8	57.5	58.4	58.3 p	58.5
Food stores (\$bil.) . . . . .	14.5	16.3	18.1	17.7	18.6	18.8	19.1	19.1	19.1 p	19.3
Eating and drinking places (\$bil.) . . . . .	5.9	6.6	7.2	7.1	7.4	7.4	7.6	7.9	7.9 p	7.8
Apparel and accessory stores (\$bil.) . . . . .	3.3	3.5	3.7	3.6	3.9	3.9	3.9	3.9	4.0 p	3.9

<sup>1</sup> Department of Commerce. <sup>2</sup> Board of Governors of the Federal Reserve System. <sup>3</sup> MI-8. <sup>4</sup> Composite index of 12 leading indicators. <sup>5</sup> Department of Labor, Bureau of Labor Statistics. <sup>6</sup> Not seasonally adjusted. <sup>7</sup> December of the year listed. <sup>8</sup> Moody's Investors Service. <sup>9</sup> Federal Home Loan Board. <sup>10</sup> Adjusted for seasonal variations, holidays, and trading day differences. p Preliminary. \*Data beginning with second quarter 1980 are from the 1980 census. Prior data are from the 1970 census.

## U.S. Agricultural Trade

### U. S. agricultural exports

	October-February				February			
	1979/80		1980/81		1979/80		1980/81	
	Thou.	units	Thou.	units	Thou.	units	Thou.	units
Animals, live, excluding poultry . . . . .	—	—	69,469	82,900	—	—	8,926	14,431
Meat and preps., excluding								
poultry (mt). . . . .	165	178	359,744	415,443	33	39	69,697	92,294
Dairy products, excluding eggs . . . . .	—	—	59,933	83,636	—	—	12,283	13,527
Poultry and poultry products . . . . .	—	—	197,398	307,541	—	—	32,493	56,983
Grains and preparations . . . . .	—	—	7,149,213	9,034,559	—	—	1,312,128	1,821,627
Wheat and wheat flour (mt). . . . .	15,175	17,044	2,724,345	3,272,777	2,509	3,490	458,433	693,919
Rice, milled (mt) . . . . .	1,175	1,278	430,794	597,882	260	283	104,666	135,421
Feed grains, excluding								
products (mt) . . . . .	30,693	32,744	3,851,403	4,995,651	5,746	6,064	727,368	962,993
Other . . . . .	—	—	142,671	168,249	—	—	21,661	29,294
Fruits, nuts, and preparations . . . . .	—	—	945,969	963,530	—	—	155,142	165,328
Vegetables and preparations . . . . .	—	—	367,442	709,404	—	—	80,499	99,361
Sugar & preps., including honey . . . . .	—	—	69,952	266,610	—	—	23,225	47,010
Coffee, tea, cocoa, spices, etc. (mt) . . . . .	22	21	71,542	106,770	4	4	12,506	18,564
Feeds and fodders . . . . .	—	—	1,196,008	1,225,009	—	—	286,075	277,916
Protein meal (mt) . . . . .	3,404	2,975	789,632	777,026	871	733	198,281	187,108
Beverages excl. distilled								
alcohol (Lit.) . . . . .	18,329	60,633	7,939	29,768	4,529	7,338	1,893	3,483
Tobacco, unmanufactured (mt) . . . . .	130	117	631,594	614,875	24	15	119,929	71,186
Hides, skins, and furskins . . . . .	—	—	575,088	466,907	—	—	142,849	127,434
Oilseeds . . . . .	—	—	3,455,861	3,030,178	—	—	524,953	479,150
Soybeans (mt) . . . . .	12,085	9,171	3,158,086	2,834,092	1,986	1,509	512,821	464,815
Wool, unmanufactured (mt) . . . . .	1	1	13,566	11,263	(1)	(1)	1,183	2,039
Cotton, unmanufactured (mt) . . . . .	868	610	1,267,611	1,103,446	240	164	352,853	298,169
Fats, oils, and greases (mt) . . . . .	559	595	301,561	296,473	93	111	46,838	58,152
Vegetable oils and waxes (mt) . . . . .	662	596	478,539	413,865	146	104	98,362	71,212
Rubber and allied gums (mt) . . . . .	6	5	7,899	8,991	1	1	1,854	1,897
Dther . . . . .	—	—	379,343	470,470	—	—	70,916	106,042
Total . . . . .	—	—	17,605,671	19,641,538	—	—	3,354,604	3,825,805

<sup>1</sup> Less than 500,000.

U.S. agricultural exports by regions

Region <sup>1</sup>	October-February		February		Change from year earlier	
	1979/80	1980/81	1980	1981	October-February	February
					\$ Mil.	PCT
Western Europe . . . . .	5,694	5,066	1,086	981	-11	-10
European Community (EC-9) . . . . .	4,290	3,852	795	692	-10	-13
Other Western Europe . . . . .	1,404	1,214	291	289	-14	-1
Greece . . . . .	105	107	27	8	+2	-70
Portugal . . . . .	263	297	61	63	+13	+3
Spain . . . . .	672	474	138	145	-29	+5
Eastern Europe . . . . .	1,132	996	231	243	-12	+5
German Dem. Rep. . . . .	259	214	89	49	-17	-45
Poland . . . . .	353	366	51	72	+4	+41
Romania . . . . .	172	178	33	56	+3	+70
U.S.S.R. . . . .	1,167	1,077	91	219	-8	+141
Asia . . . . .	5,737	7,050	1,256	1,349	+23	+7
West Asia . . . . .	575	691	109	137	+20	+26
Iran . . . . .	43	10	0	10	-77	-
Iraq . . . . .	99	66	38	13	-33	-66
Israel . . . . .	141	148	10	27	+5	+170
Saudi Arabia . . . . .	147	232	23	48	+58	+109
South Asia . . . . .	250	121	80	20	-52	-75
India . . . . .	158	59	45	10	-63	-78
Pakistan . . . . .	29	34	4	9	+17	+125
East and Southeast Asia . . . . .	4,912	6,238	1,067	1,192	+27	+12
China, Mainland . . . . .	694	1,127	208	197	+62	-5
Hong Kong . . . . .	182	168	38	28	-8	-26
Indonesia . . . . .	201	140	42	25	-30	-40
Japan . . . . .	2,480	3,114	475	606	+26	+28
Korea . . . . .	626	920	133	198	+47	+49
Philippines . . . . .	112	128	16	17	+14	+6
Taiwan . . . . .	461	471	88	69	+2	-22
Africa . . . . .	796	949	177	207	+19	+17
North Africa . . . . .	441	491	101	108	+11	+7
Algeria . . . . .	83	91	17	19	+10	+12
Egypt . . . . .	257	321	64	81	+25	+27
Other Africa . . . . .	355	458	76	100	+29	+32
Nigeria . . . . .	139	171	40	44	+23	+10
Latin America and Caribbean . . . . .	2,010	3,162	366	626	+57	+71
Brazil . . . . .	330	474	35	133	+44	+280
Caribbean . . . . .	276	335	52	64	+21	+23
Central America . . . . .	131	152	26	27	+16	+4
Chile . . . . .	98	179	21	17	+93	-19
Mexico . . . . .	641	1,275	132	187	+99	+42
Peru . . . . .	60	187	13	65	+212	+400
Venezuela . . . . .	239	388	41	96	+62	+134
Canada, excl. transshipments . . . . .	685	840	136	165	+23	+21
Canadian transshipments . . . . .	298	406	( <sup>1</sup> )	13	+36	-
Oceania . . . . .	89	95	12	21	+7	+75
Total . . . . .	17,606	19,842 <sup>2</sup>	3,355	3,826	+12	+141

<sup>1</sup> Not adjusted for transshipments. <sup>2</sup> Less than \$500.00.

Prices of principal U.S. agricultural trade products

	Annual			1980				1981		
	1978	1979	1980	Mar	Oct	Nov	Dec	Jan	Feb	Mar
<b>Export commodities:</b>										
Wheat, f.o.b. vessel, Gulf ports (\$/bu.) . . . . .	3.56	4.45	4.78	4.57	5.23	5.41	5.12	5.20	5.01	4.79
Corn, f.o.b. vessel, Gulf ports (\$/bu.) . . . . .	2.66	3.01	3.28	2.90	3.67	3.79	3.83	3.94	3.69	3.66
Grain sorghum, f.o.b. vessel, Gulf ports (\$/bu.) . . . . .	2.48	2.85	3.38	3.06	3.70	3.93	3.85	3.89	3.86	3.61
Soybeans, f.o.b. vessel, Gulf ports (\$/bu.) . . . . .	7.04	7.59	7.39	6.55	8.49	9.30	8.23	8.12	7.74	7.74
Soybean oil, Decatur (cts./lb.) . . . . .	25.79	27.59	23.63	21.73	24.49	26.26	23.72	22.41	21.55	23.00
Soybean meal, Decatur (\$/ton) . . . . .	170.71	191.08	196.47	164.60	243.34	260.78	222.79	219.81	211.08	207.57
Cotton, 10 market avg. spot (cts./lb.) . . . . .	58.31	61.81	81.13	79.24	85.58	87.05	87.23	85.11	83.30	81.52
Tobacco, avg. price of auction (cts./lb.) . . . . .	121.88	132.15	142.29	138.46	155.20	143.52	153.07	149.40	149.40	149.16
Rice, f.o.b. mill, Houston (\$/cwt.) . . . . .	20.61	20.25	21.89	24.80	23.10	24.75	26.55	26.55	25.75	27.10
Inedible tallow, Chicago (cts./lb.) . . . . .	19.74	23.45	18.52	19.00	17.50	20.44	18.95	15.81	15.83	15.95
<b>Import commodities:</b>										
Coffee, N.Y. spot (\$/lb.) . . . . .	1.66	1.74	1.64	1.89	1.32	1.25	1.21	1.25	1.23	1.24
Sugar, N.Y. spot (cts./lb.) . . . . .	13.92	15.61	30.10	21.19	41.69	39.27	30.29	29.57	26.07	23.81
Cow meat, f.o.b. port of entry (cts./lb.) . . . . .	97.17	130.98	125.18	118.00	129.83	133.25	124.59	121.73	116.75	113.30
Rubber, N.Y. spot (cts./lb.) . . . . .	50.19	64.57	73.80	74.50	80.20	71.71	72.24	70.38	68.24	65.52
Cocoa beans, N.Y. (\$/lb.) . . . . .	1.53	1.44	1.14	1.36	1.01	.94	.91	.92	.89	.93
Bananas, f.o.b. port of entry (\$/40-lb. box) . . . . .	5.20	5.91	6.89	7.67	n.a.	6.88	6.71	7.03	7.90	8.33
Canned Danish hams, ex-warehouse N.Y. (\$/lb.) . . . . .	2.02	2.01	194	2.00	2.06	2.07	1.97	1.91	—	—

n.a. = not available.

U.S. agricultural imports

	October-February				February			
	1979/80	1980/81	1979/80	1980/81	1980	1981	1980	1981
			Thou. units	\$ Thou.			Thou. units	\$ Thou.
Live animals, excluding poultry . . . . .	—	—	270,203	174,223	—	—	28,297	33,264
Meat and preparations, excl. poultry (mt)	396	411	1,027,107	1,065,112	69	76	184,560	190,212
Beef and veal (mt)	311	313	813,145	803,727	51	59	141,957	147,320
Pork (mt)	72	84	186,698	229,393	15	15	37,590	37,892
Dairy products, excluding eggs . . . . .	—	—	213,815	259,006	—	—	20,057	41,264
Poultry and poultry products . . . . .	—	—	22,094	39,035	—	—	4,871	6,883
Grain and preparations . . . . .	—	—	111,043	130,140	—	—	19,640	22,000
Wheat and flour (mt)	( <sup>1</sup> )	2	194	728	( <sup>1</sup> )	1	44	279
Rice (mt)	1	1	678	973	( <sup>1</sup> )	( <sup>1</sup> )	181	310
Feed grains (mt)	75	56	11,212	10,741	8	12	1,175	2,547
Other . . . . .	—	—	98,959	117,698	—	—	18,240	18,864
Fruits, nuts, and preparations . . . . .	—	—	484,674	525,022	—	—	89,090	120,886
Bananas, Fresh (mt)	926	953	160,449	182,265	168	174	29,913	35,985
Vegetables and preparations . . . . .	—	—	377,282	351,463	—	—	115,149	103,167
Sugar and preparations, incl. honey . . . . .	—	—	571,614	1,178,968	—	—	131,261	209,793
Sugar, cane or beet (mt)	1,693	1,604	482,324	1,079,058	333	262	118,698	177,711
Coffee, tea, cocoa, spices, etc. (mt)	713	739	2,632,942	2,115,708	120	165	433,175	441,907
Coffee, green (mt)	489	485	1,916,957	1,457,642	82	104	311,560	289,859
Cocoa beans (mt)	49	81	148,662	169,015	9	28	26,721	56,262
Feeds and fodders . . . . .	—	—	36,426	44,427	—	—	7,051	8,165
Protein meal (mt)	15	9	2,444	2,080	3	2	460	457
Beverages, incl. distilled alcohol (hl)	3,678	3,905	423,606	475,608	658	700	68,042	77,279
Tobacco, unmanufactured (mt)	69	72	169,991	164,772	16	20	40,148	41,685
Hides, skins, and furskins . . . . .	—	—	93,672	113,132	—	—	25,072	35,615
Oilseeds . . . . .	—	—	20,178	83,865	—	—	6,070	56,864
Soybeans (mt)	( <sup>1</sup> )	8	58	2,480	( <sup>1</sup> )	1	35	193
Wool, unmanufactured (mt)	12	16	39,966	58,400	3	6	9,790	18,443
Cotton, unmanufactured (mt)	7	7	2,558	5,194	1	2	630	1,996
Fats, oils, and greases (mt)	3	4	3,072	3,514	1	1	778	519
Vegetable oils and waxes (mt)	313	433	286,749	270,571	37	100	34,170	59,205
Rubber and allied gums (mt)	279	249	353,761	318,350	59	88	69,519	111,182
Other . . . . .	—	—	286,250	327,522	—	—	62,432	64,621
Total . . . . .	—	—	7,427,003	7,704,232	—	—	1,349,802	1,644,950

<sup>1</sup> Less than 500,000. Note: 1 metric ton (mt) = 2,204.622 lb; 1 hectoliter (hl) = 100 liters = 26,42008 gal.

## Trade balance

	October-February		February	
	1979/80	1980/81	1980	1981
Agricultural exports <sup>1</sup>	17,606	19,642	3,355	3,826
Nonagricultural exports <sup>2</sup>	65,655	73,795	13,320	14,689
Total exports <sup>3</sup>	83,261	93,437	16,675	18,515
Agricultural imports <sup>3</sup>	7,427	7,704	1,350	1,645
Nonagricultural imports <sup>4</sup>	91,228	97,038	19,338	19,465
Total imports	98,655	104,742	20,688	21,110
Agricultural trade balance	10,179	11,938	2,005	2,181
Nonagricultural trade balance	-25,573	-23,243	-6,018	-4,776
Total trade balance	-15,394	-11,305	-4,013	-2,595

<sup>1</sup> Domestic exports including Department of Defense shipments (F.A.S. value). <sup>2</sup> Domestic and foreign exports including Department of Defense shipments (F.A.S. value). <sup>3</sup> Imports for consumption (Customs value). <sup>4</sup> General imports (Customs value).

## World Agricultural Production

### World supply and utilization of major crops

	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81 <sup>1</sup>
Mil. units							
<b>Wheat:</b>							
Area (hectare)	219.8	224.8	232.5	226.4	228.3	227.6	235.4
Production (metric ton)	357.3	350.6	421.2	383.8	446.7	422.0	441.3
Exports (metric ton) <sup>2</sup>	63.9	66.7	63.1	73.0	72.0	86.1	93.2
Consumption (metric ton) <sup>3</sup>	363.8	351.7	385.2	398.5	429.9	444.3	450.7
Ending stocks (metric ton) <sup>4</sup>	63.9	62.8	98.8	84.1	101.0	78.7	69.3
<b>Coarse grains:</b>							
Area (hectare)	342.8	350.2	344.6	345.0	342.6	340.2	340.5
Production (metric ton)	628.5	645.3	704.4	700.9	753.1	740.1	719.7
Exports (metric ton) <sup>2</sup>	63.4	76.4	82.5	83.9	90.2	100.7	104.1
Consumption (metric ton) <sup>3</sup>	634.7	645.9	685.4	692.4	746.7	742.4	745.7
Ending stocks (metric ton) <sup>4</sup>	57.3	56.5	75.6	84.1	90.5	88.2	62.3
<b>Rice, milled:</b>							
Area (hectare)	137.8	142.8	141.6	142.9	142.5	140.6	143.8
Production (metric ton)	227.3	243.1	236.2	249.9	259.2	253.9	266.5
Exports (metric ton) <sup>2</sup>	7.8	9.0	10.5	9.5	11.8	12.3	13.2
Consumption (metric ton) <sup>3</sup>	228.9	235.5	237.5	243.3	254.7	258.7	263.9
Ending stocks (metric ton) <sup>4</sup>	11.3	18.9	17.6	23.7	28.2	23.4	26.1
<b>Total grains:</b>							
Area (hectare)	700.4	717.8	718.7	714.3	713.4	708.4	719.7
Production (metric ton)	1,213.1	1,239.0	1,361.8	1,333.6	1,459.0	1,416.0	1,427.5
Exports (metric ton) <sup>2</sup>	135.1	152.1	156.1	166.4	174.0	199.1	210.5
Consumption (metric ton) <sup>3</sup>	1,227.4	1,233.1	1,308.1	1,334.2	1,431.3	1,445.4	1,460.3
Ending stocks (metric ton) <sup>4</sup>	132.5	138.2	192.0	191.9	219.7	190.3	157.7
<b>Oilseeds and meals:<sup>5</sup> <sup>6</sup></b>							
Production (metric ton)	65.1	73.3	66.7	78.7	83.3	95.9	87.2
Trade (metric ton)	27.7	33.8	33.9	38.8	40.6	46.2	45.0
<b>Fats and oils:<sup>6</sup></b>							
Production (metric ton)	46.2	49.3	47.4	52.2	54.3	58.2	56.7
Trade (metric ton)	14.0	16.1	16.9	18.3	19.3	20.8	20.9
<b>Cotton:</b>							
Area (hectare)	33.4	29.8	30.7	32.8	32.4	32.1	32.6
Production (bale)	64.5	54.0	56.8	64.1	60.2	65.7	65.2
Exports (bale)	17.5	19.1	17.6	19.2	19.8	23.0	20.1
Consumption (bale)	58.7	61.1	60.6	60.2	62.9	65.6	65.9
Ending stocks (bale)	30.9	24.0	20.4	24.8	22.1	21.9	21.4

<sup>1</sup> Forecast. <sup>2</sup> Excludes intra-EC trade. <sup>3</sup> Where stocks data not available (excluding USSR), consumption includes stock changes. <sup>4</sup> Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level.

<sup>5</sup> Soybean meal equivalent. <sup>6</sup> Calendar year data. 1975 data corresponds with 1974/75, 1976 data with 1975/76, etc.

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